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SUMMARY OF MARKETING EXTENSION ACTIVITIES IN THE U.S.

This summary was prepared largely for the annual reports of State Marketing Specialists to indicate types of work being carried on and methods used in these activities.

This material was sent to all State Extension Economists and has been of value to them in furnishing a means of comparing their programs with work being conducted in other areas.

Prepared by

W. B. Stout and W. C. Ockey

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Agricultural Economics Section
Division of Cooperative Extension
United States Department of Agriculture

For the Information of State Specialists

September 1935

SUMMARY OF MARKETING EXTENSION
ACTIVITIES IN THE UNITED STATES AS REPORTED
BY STATE SPECIALISTS

Prepared by
W. B. Stout and W. C. Ockey
Agricultural Economics Section
Division of Cooperative Extension

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Introduction

Marketing extension specialists are interested in the various phases of marketing work and the different programs being conducted in States other than their own. Considerable interest and a number of requests have been noted relative to methods and procedure in conducting certain projects and what other States are doing in attempting to solve various problems in the field. In an effort to at least partly fulfill the demand for information of this kind, the 1934 State marketing extension reports, as well as the 1935 plans of work, have been summarized. A part of the summary is presented herein.

The first few pages of the following material present a summary of the different jobs being done by State specialists in cooperation with other individuals or agencies. For the sake of convenience in referring to the work reported, the various jobs have been classified as to fields of activity. A more detailed report of certain projects is given in the remainder of this mimeograph. In reporting such activities it should be pointed out that the projects used were chosen for the purpose of representing some of the work being done in the various fields of marketing, as well as to illustrate different methods of procedure, definition of problems, goals set forth, division of responsibility, teaching plans, and results obtained. No effort was made to choose the projects on the basis of certain States or to report all the outstanding projects now being conducted.

It is hoped that no specialist will endeavor to use the material which follows in broadening or intensifying the work being done in his State until he has first determined the need for such procedure. Local and State programs should be built up around local and State situations and problems. Not until these problems have been well defined and understood can the material here presented be of greatest value to State specialists. The following statement from Ohio illustrates this point.

"The problem before us is how to contribute most to efficient marketing of Ohio farm produce. Ohio farmers have organizations through which they sell farm produce and buy farm supplies to the extent of \$100,000,000 yearly. Much of our effort must go to assisting these organizations to do a more efficient job.

"Two-thirds of Ohio's produce is handled, after leaving the farm, through private middlemen, and much of what is assembled cooperatively passes in its next step to market into noncooperative hands. Thus arises in all our projects the necessity of maintaining contacts with 'the trade' that we may familiarize ourselves with market situations, practices, and changes and thus be able not only to advise cooperatives soundly but also to contribute wherever we can to more efficient work by private dealers.

"The task of marketing workers is not merely to help to sell what may have happened to be produced; we must discover and help to teach the

farmer what consumers want in commodity, quality, package, time of delivery; and also what varieties of seed or stock, of fertilizer or feed will make possible the most economical production of what the market wants. From the standpoint of results in income, the farmer needs to have these facts in correlation with each other; from the standpoint of educational methods, we as extension workers can get best results by correlating the two lines of work; more fundamentally, it is only by correlation of marketing and production that either has any certainty of being on sound ground. Every year sees increasing emphasis in our marketing projects on this interrelation, without however losing sight of all possible help in the more immediate job of more direct, more efficient, and more economical methods of reaching the market. A perusal of the detailed projects to follow will reveal our dependence on and cooperation with specialists in swine, poultry, cattle, soils, crops, and farm management. Outside our own halls, also, are county agents, farm bureaus, and cooperative leaders whose assistance to us and whose calls upon us for help are an important feature and at times guide in our work."

A Summary of Marketing Activities Reported

Dairy Marketing

1. Assist groups of farmers and cooperative associations in analyzing fluid-milk marketing problems such as arise in connection with distribution, buying plans, producer-distributor relationships, bargaining associations, labor and trucking problems, profitable disposal of surplus, and so forth.
2. Attend annual membership meetings and meetings of boards of directors of local and regional cooperative associations and discuss various phases of their business.
3. Furnish information for the organization and management of new dairy cooperatives when and where needed.
4. Cooperate with production specialists in developing a quality cream-production program among producers of butterfat.
5. Assist the managers and boards of directors of creameries in solving their operative problems and improving their set-up through a complete analysis of the business.
6. In cooperation with county agents, hold local and county-wide meetings for producers to acquaint them with the fluid-milk marketing methods and problems of the area.
7. Present information concerning fluid-milk prices and plans, as influenced by Federal and State regulations, as well as voluntary efforts to insure high quality products.

8. Attend farmers' meetings which stress the effect of variation in bacteria count and butterfat content on price in the marketing of fluid-milk.
9. Make fact-finding surveys to be used as a basis for consultation services to cooperatives in connection with membership problems, keeping membership informed, establishment of new plants, territory to be served, determination of volume or supply within a given area, problems of operation, cost of processing and manufacture, securing wider sale, standardizing the products for sale, adoption of State brands, and so forth.
10. Organize farmer tours through processing and distributing plants and relate the operations and problems found there with the amount and quality of the products produced.
11. Assist in securing market outlets for direct cream shippers.
12. Disseminate among farmers economic information pertaining to the production of dairy products.
13. Assist in the reorganization of farmers' creameries of the corporate stock company type into strictly cooperative associations and assist such creameries with their business organization problems.
14. Assist in the development of cream-buying and selling plans where the product changes hands on a graded basis.
15. Contact the State dairy marketing associations, milk commissions, and other State agencies through meetings and conferences and assist groups of producers in understanding the State programs.
16. Assist officials of various milk marketing organizations in preparing applications and necessary statistical data for tentative agreements and licenses under State and Federal legislation. Also discuss and explain the provisions of marketing agreements and licenses in effect on fluid-milk markets.
17. Develop a complete and uniform system of records and accounts to be used by cooperative creameries.
18. Work with committees to analyze and develop regional milk marketing plans and organizations, stabilization programs, and the like.
19. Cooperate with the dairy-marketing research personnel in determining problems to be studied and in extending the findings of research projects.
20. Assist in holding dairy production and marketing schools for dairy farmers in an attempt to present a rounded discussion of their most urgent problems and an analysis of the entire dairy program.

21. In cooperation with the dairy specialist, conduct a school for milk inspectors and attempt to bring about a more uniform and satisfactory inspection program and thereby improve the quality of milk sold in the local markets.
22. Assist in bringing together milk control boards in the various States, and also representatives of States interested in milk control boards, for the purpose of developing coordination of activities among the various States.
23. Work for cooperation between producers' cooperatives in the same milkshed.
24. Encourage the development of agencies the duty of which is to increase the use of milk, with special emphasis upon the type of work which has been conducted by the Dairy and Foods Council.

Poultry and Egg Marketing

1. Furnish information and assist in drafting proposed legislation to establish uniform grades for eggs to serve as a basis on which to buy and sell within the State. Hold meetings and conferences with producers and dealers to show the advantage of buying and selling eggs on the basis of State grades.
2. Cooperate with production specialist in instituting a quality egg-production-and-marketing program, and encourage producers to grade their eggs.
3. Cooperate with production specialist in holding poultry-and-egg-production and marketing schools for farmers in the various counties.
4. Discuss current outlook information pertaining to poultry and eggs with individual producers and at group meetings. Also prepare circulars, news releases, and radio talks concerning economic and price information.
5. Study practices in effect on poultry and egg auction markets and furnish information relative to the organization and operation of new auctions where such agencies are needed. Assist in securing the cooperation of large-quantity producers to insure a greater sales volume.
6. Assist in the organization of pools through which to sell poultry and turkeys. If poultry is dressed before marketing, hold killing, dressing, grading and packing demonstrations which will assist in securing higher prices and in preventing losses.
7. Assist independent produce dealers and other agencies in establishing and using United States Government grades for eggs as a basis on which to buy and sell.

8. Assist in conducting egg candling, grading, and packing demonstrations for the benefit of direct shippers and other interested parties.
9. Assist farmer groups in the dressing and selling of poultry on a large scale either for local consumption or distant markets.
10. Stimulate interest in the handling of graded products by local dealers.
11. Furnish farmer egg shippers a list of reliable commission merchants and egg-case manufacturers.
12. Assist in conducting tours of poultrymen through market centers where poultry and eggs are handled on a graded basis and provide the opportunity to study the various methods of marketing and the movement of these products through the marketing channels.
13. Make contacts with the poultry produce trade, learn their problems, and work out suitable projects to meet their needs.
14. In cooperation with the Bureau of Home Economics, work out a definite educational consumption program for poultry products.
15. Prepare current circular letters to be forwarded by county agents to producers who are cooperating on a quality egg-production-and-marketing program.
16. Hold meetings to discuss efficiency in the preparation of eggs for market, demonstrating proper equipment and efficient methods in cooling, cleaning, sorting, weighing, candling, and packing eggs so as to prevent losses due to improper methods in common use.
17. Cooperate in judging and setting up exhibits at annual egg and baby-chick shows.

Livestock Marketing

1. Assist managers and boards of directors of cooperative livestock shipping associations in solving their assembling, grading, handling, loading, death and injury loss, insurance, record, prorating, organization, credit, and membership problems.
2. Give carlot loading demonstrations to prevent death and cripple losses in transit.
3. Furnish information and assist in the organization and establishment of cooperative livestock markets or agencies related thereto.
4. Study the methods of sale of various livestock products over a period of years and disseminate the results of the study.
5. Assist in conducting livestock marketing tours on the terminal markets for the purpose of informing farmers as to the methods, practices, and problems of doing business on such markets.

6. Cooperate with production specialists in conducting joint production and marketing schools for the benefit of farmers who are interested in the production and marketing of livestock.
7. Attend annual membership meetings and meetings of boards of directors for the purpose of presenting and explaining the annual audit or discussing urgent problems facing the association.
8. Conduct surveys to determine market conditions and policies of local and regional livestock marketing organizations.
9. Analyze records and accounts of cooperative livestock associations for the purpose of determining the causes of difficulties and high operating costs and offer suggestions for correcting them.
10. Disseminate economic outlook information pertaining to the livestock industry at local, county, and district farmers' meetings.
11. Attend and assist in grading demonstrations of livestock held for the purpose of teaching producers the differences between grades and the relative market values of each and stressing the necessity of quality production in order to meet market demand.
12. Inform farmers concerning regulatory measures as they apply to livestock marketing.
13. Study the operation of livestock auction markets and give assistance in the organization and operation of new auction markets where local conditions warrant such action.
14. Assist in the cooperative marketing of feeder cattle and lambs from the range.
15. Prepare extension leaflets and circulars, news items, and articles for publication pertaining to livestock marketing and prices.
16. Discuss the principles and history of cooperative livestock marketing with farmer groups and point out the benefits and limitations of this method of marketing.
17. Issue a stocker and feeder exchange list during the fall months.
18. Attend livestock picnics and banquets and discuss marketing problems and methods.
19. Assist livestock producers in the exchanging of sires.
20. Conduct educational programs concerning livestock credit for farmers.
21. Study the yearly changes in volume of livestock in given trade areas, and attempt to bring about realignments in cooperative management and operative policies to meet these changes.

22. Study sales and price quoting policies and attempt to bring about a closer coordination of sales effort between cooperative organizations.
23. Furnish timely information on marketing methods and practices to producers and to livestock shipping associations.
24. Make contacts with terminal markets regarding methods and time of marketing livestock.
25. Cooperate with the producers' livestock cooperative commission associations and the general farm organizations in holding livestock marketing schools for farmers.
26. Devise a plan whereby livestock producers will be able to secure more reliable, current, and immediate livestock market prices to guide them in their sales.
27. Conduct a daily livestock market news broadcast over the college radio station.

Wool Marketing

1. Attend and assist in local, county, and district wool-grading demonstrations for the purpose of teaching growers the differences in wool, the uses of the different grades of wool, and the relative prices for the different grades.
2. Attend cooperative wool-marketing meetings, and discuss various phases of the programs which are of interest to growers.
3. Issue current wool-market letters and reports during the year.
4. Discuss the various methods of marketing wool and explain the advantages and disadvantages of each.
5. Assist in organizing local units of the State cooperative wool growers' association.
6. Assist with educational campaigns in connection with the development of cooperative wool-marketing organizations to serve producers of the State.
7. Conduct wool-market tours through central warehouses for the purpose of teaching producers the mechanics of operation, methods of sale, grading, proper handling, and preparation of fleeces for sale.

Fruit and Vegetable Marketing

1. Discuss with growers and cooperative officials the principles and history of cooperation, pointing to the benefits and limitations of cooperative marketing.

2. Encourage and assist in the development of shipping-point inspection work within the State.
3. Conduct surveys to determine the advisability of organizing new co-operative associations or reorganizing present cooperatives.
4. Give assistance to managers and boards of directors of cooperatives in solving their organization, operative, and membership problems.
5. Prepare extension leaflets and circulars pertaining to marketing of the various fruit and vegetable crops.
6. Promote a program of standardizing packs, packages, grades, brands, labels, and trade names for those crops that are produced in considerable volume and shipped to distant points.
7. Supply growers with basic and current outlook information which pertains to these crops.
8. Help farmers to improve their methods of storing fruits and vegetables and suggest how they can improve their storage facilities.
9. Give assistance to farmers in purchasing seeds and supplies cooperatively.
10. Furnish needed information in the establishment of fruit auctions where such auctions are needed.
11. Give assistance in the operation of established fruit and vegetable curb markets and help groups of farmers to establish new markets of this type where needed.
12. Study the possibilities of establishing regional markets for fruits and vegetables.
13. Cooperate with various groups in holding meetings for the purpose of explaining State and Federal legislation having a bearing on fruit and vegetable marketing, as well as providing at all times current information of vital importance to the particular groups in question.
14. Study the growth and methods of marketing at roadside stands, local farmers' markets, curb markets, regional markets, and marketing direct to consumer; then present the findings to producers through meetings, circular letters, and printed publications.
15. Study the changes in wholesale and chain-store buying of fruits and vegetables and ways in which growers can deal more effectively with these buyers.
16. Hold meetings stressing the necessity of more orderly marketing of these products.

17. Make surveys of the importance and trends of commercial shipments of the various fruits and vegetables from the State during the past 10 years.
18. Study and make recommendations in the production and marketing of fruits and vegetables in order to meet market demands and secure higher prices. Make consumer surveys to determine the demand for and possible objections to locally grown vegetables.
19. Conduct grading and packing demonstrations and recommend the use of Federal inspection in order to improve the demand for and price of fruits and vegetables shipped outside the State.
20. Study and analyze the business organization of fruit and vegetable markets, give assistance, and make suggestions for the improvement of such markets.
21. Assist in the development of plans of operation and in the preparation of economic material for prorate agreements for fruits and vegetables under the State Prorate Act and marketing agreements under the Agricultural Adjustment Act.
22. Assist local groups of farmers in the organization of cooperative canning plants where the needs and conditions warrant such plants.
23. Hold local potato-grading demonstrations where needed and instruct growers in the grading of their potatoes on farms.
24. Study the possibilities of using small packages in the marketing of locally grown potatoes on local markets.
25. Hold demonstrations and develop methods of preventing bruises and losses when harvesting, packing, loading, and storing potatoes.
26. Assist growers of certified seed in perfecting a better sales organization and in developing a better outlet for their seeds.

Grain Marketing

1. Assemble information on current national projects such as the Farm Marketing Act, the Agricultural Adjustment measures, the Farm Credit Administration, and discuss the data in various elevator meetings and with elevator managers to show the relationship between these measures and the marketing of grain.
2. Conduct business surveys and analyses of elevators with comparisons and explanations for the benefit and guidance of the units studied.
3. Hold training schools for directors and managers of grain elevators to teach them how to present analysis and audit statements to members and stockholders.

4. Attend annual membership and board-of-directors meetings of grain elevators and discuss various phases and problems of the grain-marketing business.
5. Furnish elevator managers with news service giving market trends, supply, demand, export conditions, and other factors affecting the grain market.
6. Disseminate grain outlook information to elevator groups and other interested farmers.
7. Cooperate with the State grain-marketing agencies, attend their meetings, and render assistance whenever possible.
8. Explain to farmer groups the regulation of grain exchanges, how grain is graded on such exchanges, and the grades and standards set up by the United States Department of Agriculture.
9. Assist in organizing or reorganizing local grain elevators, giving special emphasis to financing, legal set-up, volume of business, side lines handled, patronage, and management.
10. Educate officers and stockholders of farmers' elevator companies in cooperative principles, corporation law, and marketing technic.
11. Conduct grain-grading schools for elevator managers in cooperation with the United States Grain Standards Division and the State Grain Inspection Department.
12. Issue a quarterly circular to grain-elevator managers and members which deals with policies and practices of successful elevators and with methods that can be employed to advantage in decreasing elevator failures.
13. Encourage a larger percentage of grain growers and dealers to buy and sell grain on a quality and grade basis.
14. Assist elevators to eliminate or minimize losses due to price fluctuations by understanding and practicing hedging of grain.
15. Devise a plan to retain in local communities surplus stocks of grain at harvest-time which may be needed later in the season.
16. Assist local elevator managers in surplus production areas to establish market outlets among livestock feeders in deficit areas.

Cotton Marketing

1. Assist in solving detail problems connected with the warehousing of cotton which will enable growers to secure loans when cotton is stored in licensed warehouses.

2. Draft forms, blanks, and account books which will help warehousemen to keep essential records of receipts and disbursements.
3. Help to perfect regulations in connection with the operation of warehouses.
4. Assist in developing a negotiable, satisfactory warehouse receipt which will be acceptable to Federal and other loaning agencies and to cotton warehousemen.
5. Conduct cotton-classing and cotton-grading schools for the benefit of growers and other interested parties.
6. Make surveys for the purpose of obtaining facts for improving the services of the State cotton growers association and assist in holding county meetings for the purpose of explaining and securing the adoption of the program by producers.
7. Assist in studying the efficiency of farmer-owned gins and extend the results of such studies to the owners.
8. Assist in financing gins through the Farm Credit Administration and other agencies.

Tobacco Marketing

1. Cooperate with the production specialists in conducting a quality-production campaign for tobacco, stressing the market demand for high-grade tobaccos and the consequent influence on price.
2. Confer with cooperative leaders and assist in solving their problems in the marketing of tobacco.
3. Prepare and publish current economic-outlook information reports concerning the tobacco situation. Discuss such information with individual growers and at group meetings.
4. Prepare for publication circulars and bulletins dealing with the various phases of tobacco marketing.
5. Hold meetings for farmers, county agents, and local leaders for the purpose of demonstrating methods of stripping, sorting, grading, curing, and otherwise preparing tobacco for market.
6. Assist in holding tobacco shows in counties doing cooperative work in curing.

Cooperative Marketing and Purchasing Associations

1. Discuss the problems, duties, responsibilities of members, officers, directors, and managers of cooperative organizations for the purpose of bringing about a better understanding of cooperation within the organization and between associations.

2. Meet with managers and boards of directors of purchasing associations to discuss financial and credit problems.
3. Give instruction to boards of directors, managers, and bookkeepers of purchasing associations concerning the preparation and analysis of financial and statistical reports.
4. Make business analyses and prepare special reports for boards of directors and for meetings of members.
5. Devise a system of accounts for new organizations and revise present accounting systems of existing cooperatives.
6. Draft bylaws and incorporating papers for proposed cooperatives.
7. Discuss the philosophy of cooperation and its possibilities and limitations.
8. Make studies to consider the need for more purchasing and marketing associations in the various counties.
9. Study problems of membership relations and develop plans for keeping members informed as to the problems, progress, and results of their business. Likewise provide facilities for members to keep directors and managers currently informed of their views and wishes.
10. Assist in the reorganization of farmers' corporate stock companies into strictly cooperative associations and thereby enable them to become eligible for loans from the banks for cooperatives.
11. Assist cooperatives to understand the requirements for obtaining loans from banks for cooperatives and assist them in filling out the application papers.

General and Miscellaneous Work

1. Study changes in consumer demand for farm products, the effect of price shifts on consumer demand, buying methods and preferences, and the needed adjustments in production and marketing methods to meet new conditions.
2. Assist in organizing and offer suggestions for efficient management of home demonstration markets.
3. Assist in securing market outlets and making sales of products which are produced in small quantities within the State.
4. Attend and take part in field days, fairs, and agricultural, extension, State, regional, and national conferences.

5. Assist with 4-H club programs in supplying various types of marketing information and in giving assistance in grading demonstrations, auction sales, cooperative sale of club products, and club roundups. Prepare lessons in marketing designed to give club members a working knowledge of the marketing system.
6. Assist in outlining teaching material and courses of study to be used by vocational agriculture teachers.
7. Prepare special, monthly, and annual marketing extension reports.
8. Study freight rates and handling costs of different farm products to various markets.
9. Study the local trucking of farm products and its economic limitations.
10. Assist in teaching county agents the principles of cooperation.
11. Prepare and distribute annual and current outlook publications.
12. Prepare and broadcast information concerning the current market and economic situation of important commodities produced in the State.
13. Hold farm or discussion group meetings centered around important economic topics such as taxation programs, credit systems, cooperative principles and philosophy, land-use programs, and so forth.
14. Work with consumer cooperatives in assisting to develop a business basis of operation and in teaching the principles, advantages, and disadvantages of cooperation, the necessary requirements for success, and like matters.
15. Conduct training schools for the purpose of instructing county club agents in the basic principles of economics and marketing and familiarizing them with a teaching procedure to be followed in their county work.

Examples of Marketing Projects Illustrating Methods, Procedure,
Goals, Organization, and Results

The following material is reported for the purpose of illustrating different methods of organizing and conducting marketing extension projects in the various States, as well as to point out some of the results obtained. Many other good examples could be cited, but they probably would not add to the report from an informative point of view. The material is classified as to fields of activity and is given largely as reported by the specialists.

Dairy Marketing

Massachusetts reports the following plan of work for a State milk-marketing program, which has been set up from the "fact-finding point of view".

Plan of work for fluid milk marketing

I. The problem

Prices of dairy products declined, and incomes of dairymen as well as of other farmers were drastically reduced during the depression period. In this situation a dominant problem for Massachusetts dairymen is the determination of those adjustments in their systems of management and marketing which will be most effective in increasing incomes within the near future and protecting the local industry against a recurrence of the present situation.

II. Diagnosis

The economic depression with its accompanying reduction in employment and consumer buying power accounts for much of the price decline. However, large supplies have also played a part in creating the present situation. During this period the stability of certain markets has been further impaired by conditions growing out of the market organization and the methods and policies of agencies operating in those markets.

III. Solution of the problem

Many conditions affecting the milk price situation are beyond the dairyman's control. Nevertheless it is essential that producers have an accurate knowledge of these conditions and of the operation of price-making forces, if they are to secure the maximum advantage from adjusting their farming and marketing operations to the current situation. One step in teaching this knowledge may be a series of price-situation meetings in which the economic situation of the industry as a whole would be analyzed. This would not be sufficient, however, without analysis of the situation in the particular market where the milk is sold. Such an analysis not only must cover the principal price-making forces peculiar to that market but also must include a consideration of the market organization and the methods and policies of agencies within the market. With such facts in hand, it should be possible for dairymen supplying any given market to arrive at the production and marketing programs which will be most advantageous under their conditions.

IV. Teaching plan

This project should be organized around given local or secondary markets. Details of the plan should be developed by a committee from the dairymen's association, the county extension service, the State department of agriculture, and the college. A typical plan might be as follows:

1. Obtaining the facts

- (a) Bringing together results of research and other information which may be used in analyzing the economic problems of dairymen within the milkshed.

- (b) A survey of the market in order to obtain facts for the market under the general headings:

- (1) Price situation and price set-up
- (2) Quality situation
- (3) Advertising and competitive situation

2. Determination of the program by the above-mentioned committee.

This program should embody all phases of the problem, including not only marketing but also farm management and production practices. However, the following sample of what might be arrived at for a given market includes mostly agricultural economics work.

- (a) A meeting on the general milk-price situation
- (b) A meeting on the situation for the local market (presentation of facts to producers).
- (c) Develop a marketing plan for the market-involving price plan, method of handling surplus, how often should producers be paid, bottle exchange, kind of caps and so forth. Can be done by presenting facts to (1) dealers, and (2) producers.
- (d) While the Agricultural Adjustment Administration issues milk-market licenses the above type of educational information can be used as a basis for deciding upon the advisability of Federal control as a means of improving milk-marketing conditions within a given shed.
- (e) Quality improvement--cooperate with boards of health regulations, milk inspection, survey of quality, merchandising the quality milk, form of contract covering all quality differences.

V. Organization and relationships

This teaching plan requires the active cooperation of the following agencies:

1. State association-- in laying before county associations the general procedure involved in order that a degree of uniformity may be secured. Also in securing cooperation from other agencies if necessary.
2. County or local associations--should furnish active leadership and take responsibility for the work.
3. County extension service--actual organization of the educational work, aid in fact finding and determination of program.

4. State department--aid in fact finding, determination of program, contact with boards of health and dealers.
5. College--aid in fact finding and determination of program.

Colorado's dairy marketing program is of a more general nature and considers the market of both fluid milk and butterfat. It is outlined as follows:

I. Organization of forces

1. Agricultural economic department will supply data relative to the supply, distribution, consumption, and the like, of whole milk in large urban centers.
2. State dairy commissioner, director of markets, and farm organization specialist will supply information concerning supply, cost of production, cost of distribution of whole milk in Denver, Colorado Springs, and Pueblo, and the cost of producing butter in Colorado.
3. The State dairy department will furnish information concerning State supply and consumer demands of dairy products.
4. Available information will be assembled and charted by the extension economist in marketing, including production and price trends, storage, international trade, and tariff barriers, for extension workers, dairy products marketing officials, and producers.

II. Detailed plan of work

1. Goals for 1934-35
 - (a) An analytical study of the set-up, functions, and net results of the dairy producers in Colorado will be made.
 - (b) A detailed study of the cooperative creameries in the State will be made.
 - (c) Cooperate in the dairy production control program in Colorado.
2. Cooperating with the county agents in Montrose, Delta, Montezuma, and Mesa Counties, conferences with the officials of cooperative creameries will be arranged and data obtained for unorganized groups.
3. Assist marketing associations in obtaining loans from banks for cooperatives.

Minnesota being a dairy manufacturing State, naturally many of the dairy marketing activities are centered around creameries and their operations. The following quotation throws light on the assistance given creameries and the results obtained in connection with a records-and-account-

ing project.

"In pointing the way to improved methods in butterfat marketing, it is desirable, in order to accomplish greatest results, to work so far as possible with groups of farmers. Cooperative creamery associations constitute excellent groups as a media through which to work. For several years cooperative creamery associations have found themselves distinctly in need of help along specific lines. The need for improvement in accounting systems of cooperative creameries has been felt for some time. A decided lack of information and uniformity in reports used by cooperative associations has permitted and encouraged the making of unsound and unfair comparisons of prices paid by competing organizations. This has led, in many cases, to dissatisfaction and ill feeling between members of competing creameries. For years there has been a decided lack of suitable methods of keeping records whereby boards of directors could properly administer the affairs of the associations. For over 3 years a study of the needs of creameries in this respect has been receiving attention from this office. Several agencies in the State have been involved in reaching an agreement on proper forms to be used for recording creamery transactions. The subject has been filled with controversy on the part of interested accountants. Many attempts to bring the ideas to a point of unity among various parties interested in the project have been made during this period. Finally, under the pressure of requests from the counties for instruction along this line, the department of agricultural economics and extension division took the initiative in combining the ideas of the various agencies into definite form. It was encouraging on January 11, 1934, when the double entry system of accounting for creameries, used by the writer and a member of the regular teaching staff of the department of agricultural economics at a school for creamery board members in a southern Minnesota county, was formally adopted by the interested agencies.

"Represented at the meeting when formal approval was given, were representatives of the following agencies: Land O'Lakes Creameries Inc.; Minnesota Creamery Operators and Managers Association; Minnesota Association of Local Creameries; Minnesota Department of Agriculture, Dairy, and Food; Dairy Division, University of Minnesota, Agricultural Economics Division; and the Extension Division, University of Minnesota.

"As indicated in the preface, the first 6 months of this year was spent almost entirely on this work. Schools, notably two, were held in Freeborn and Stearns Counties. Members of the board of directors of practically all the cooperative creameries in these counties attended for the instruction given during the 4-day period. A number of the secretaries present adopted the system of uniform accounting as explained at the schools, and many made modifications in the systems in use to comply with more modern procedure.

"Considerable time was given not only to improving the method of accounting but also to the construction and analysis of financial statements in order that a better understanding of the financial condition and operation of the business involved could be given members at annual meetings.

During the annual meeting season the writer attended as many of these as could be arranged and presented analyses of financial statements along with other dairy-economic material. The response from the counties on this project was most enthusiastic."

Poultry Marketing

The following egg-grading and candling work is reported by New Hampshire:

I. Egg-candling and grading meetings held throughout the State

Over 60 egg-candling and grading meetings were held throughout the State beginning in March. They were held in cooperation with Dr. Bradley, Extension Poultryman, and the county agricultural agents in all counties. The purposes of the meetings were--

1. To increase interest in egg quality.
2. To give producers a better conception of egg grades and the factors accounting for differences in grades.
3. To teach the use of the egg candler in candling eggs.
4. To enable producers to better visualize the relationship of quality factors as noted under the candle and in the eggs when broken out.
5. To enable producers to get a better comparison of quality and values of their eggs compared with those selling in competition (as fresh western and storage eggs).
6. To acquaint producers with recent changes in the Boston egg grades and changes in grades which were soon to come in New Hampshire.

II. Plan for holding meetings

The meetings were called by the county agents, and the producers were instructed to bring their own eggs to the meeting.

1. The grades and quality factors were first discussed.
2. Samples of eggs containing all grades were examined under the "candle."
3. Eggs supplied by us and purchased at stores were candled and scored.
4. The producer then examined and scored his own eggs. We individually recandled each producer's lot of eggs and placed our score alongside his.
5. Eggs were broken out into dishes during and after candling to show the various grades and quality factors.

In this series of meetings which were purposely called as small laboratory meetings we gave individual instructions to over 600 poultrymen. We carried 11 candlers with us so that in most cases there were not over 1 or 2 men to a candler.

III. Check made on the quality of New Hampshire eggs at Boston

Letters were sent to quite a list of poultrymen who were shipping to Boston and an opportunity offered them to have their eggs inspected and officially graded early in February. Arrangements were made with Mr. George Powers, Federal inspector at Boston, to have such inspection made. L. A. Carlisle, State Marketing Agent, also cooperated on the program.

The poultrymen wrote to me stating to whom they were shipping and the approximate date. I then wrote the receivers asking them to notify Mr. Powers or me when the eggs arrived.

We inspected about 60 cases from 24 different producers. Of the first 46 cases candled we found that--

Percent
92.8 were Specials
4.0 were Extras
.4 were Standards
.3 were Trades
1.5 were Cracks
.6 were Meat Spots

It was not convenient to weigh all cases, but of 27 cases weighed the average weight was 60.6 pounds gross per case. Thus the quality and weight were excellent.

Massachusetts presents a comprehensive plan for increasing the farm net income from locally produced poultry and eggs.

I. The problem

1. A recent study conducted by the Experiment Station of the Massachusetts State College of the causes of difference in poultry profits has shown that the following factors are influential in effecting profits in the poultry business of this State:

(a) Average egg production per bird.

(b) An increase in the proportion of receipts from such supplementary lines as hatching eggs, baby chicks, broilers, roasters.

(c) A 5-cent difference in the price of eggs caused a 19-cent difference in the labor returns per bird.

- (d) Fall production increased labor returns because of the relatively higher price received during this season and the tendency for a greater yearly production.
- 2. Economic conditions that have developed in the past 2 years have caused new problems to appear to the solution of which the poultry industry must adjust itself in order to maintain its position in the agriculture of the State.
 - (a) In February 1933 egg prices reached the lowest point recorded for any February since 1896.
 - (b) Factors leading up to the present price situations:
 - (1) Production--trends and particular levels in 1932 (probably not very important as causes of present low prices).
 - (2) Demand--greatly reduced by unemployment and business situation (is important for duration of depression).
 - (3) General level of prices--an extremely important factor. Partially offset by fact that it influences feed prices also, but made more significant in that it has not affected distribution and marketing costs proportionately and has not affected fixed charges (taxes, mortgages, payments, etc.) at all. Will this effect end with depression?
 - (4) Feed prices--probably depressed by supply situation in addition to other common causes.
 - (c) Marketing methods--adapted to higher price levels.
 - (d) Farm organization--developed for wider margin of profit than may be possible in next few years; may also be too small for satisfactory income with small profit per unit.
 - (e) Production methods--are they adapted to lower prices?

II. Diagnosis

- 1. The circumstances that cause producers to follow certain practices are variable, depending largely upon the following:
 - (a) Whether the poultry enterprise is one of several in the farm organization.
 - (b) Whether it is the major source of income.
 - (c) Characteristics of the farms as to location, size, exposure, distance from market, type of market, prevailing type of farming.

(d) Economic conditions, such as:

- (1) Present and available capital.
- (2) Labor supply.
- (3) Character of market outlets.
- (4) Price trends.
- (5) Comparative advantage of other lines of economic endeavor.

2. In order to meet the changing situation some of the questions that poultrymen must consider during the next 2 years are:

- (a) Prices, either of product or cost elements, are beyond control.
May expect improvement with ending of depression (gradual)
but not extraordinarily high of recent years.
- (b) Increased outlet for local product must be made at expense
of competing sections. Requires improved marketing methods.
- (c) More efficient marketing--requires cheaper methods.
- (d) Readjustment of farm organization--may reduce cost but must
take into account effect upon marketing.

III. Solution of the problem

An analysis of conditions of production and marketing in a given county prepares the agent to make statements of fact to the poultrymen concerning the following:

1. Advisability of expanding and developing local and retail outlets for eggs.
2. The advantages of identifying local eggs, together with the ways and means of adapting such a program to the marketing activities of the producers of his county.
3. Teach poultrymen that market demand requires the highest quality possible in local eggs and that it is the responsibility of the producer to see that this quality is maintained through all the channels of distribution until the consumer is reached.
4. Teach poultrymen that profit comes from adjusting the seasonal production as nearly as possible to fit particular demand.
5. To show poultrymen that the rapid growth of chain-store distribution has created a problem in the marketing of poultry products which must be fairly faced and indicates that group action is necessary in assembling our products as the volume is demanded.

6. Show producers what advantage the different market outlets may have over others so as to return the maximum profit to their respective producing conditions.
7. Teach producers how to analyze and study their farm organization in order to determine what kinds of enterprise best fit their conditions and are best adapted for the minimum cost of production and maximum efficiency.
8. Keep the producer informed concerning price trends and seasonal fluctuations so that he can anticipate any changes that would prevent loss in his industry.

IV. Teaching plans

1. Present the results of past surveys of retail-store outlets before poultrymen. This should help to show them the retailer's attitude toward quality, grading, and merchandising of local eggs and assist the producer in arranging the distribution of his product in the best possible manner so as to obtain maximum returns together with meeting the changing demands of the consumer.
2. Make a further survey of farm conditions so as to obtain facts about the present methods of production and handling of poultry and eggs so that these can be presented to the poultryman and assist him in working out any adjustment or plan of production that will meet the demands of his market and return him the most for his efforts.
3. By preparing price material in such a manner that it can be used on subject matter at meetings to study the current price relation, trends, and price advantages of poultry and eggs.
4. By teaching the poultryman how to interpret, understand, and use price material and subject matter, to better enable himself to work out his own problems in the light of changing markets and seasonal conditions.
5. Some of the methods and mediums by which these teaching plans may be used are:
 - (a) Local meetings.
 - (b) Use of material by production specialist.
 - (c) Circular letters.
 - (d) Publicity.
 - (e) General meetings.
 - (f) Study groups.
 - (g) Local committeemen.

V. Organization and relationships

1. The teaching plan requires the county agricultural agent actively to cooperate in the following ways:
 - (a) Maintaining an up-to-date mailing list.
 - (b) Sending out notices, assisting in preparing circular letters, and carrying out the general publicity work.
 - (c) Selecting personnel and arranging committee meetings.
 - (d) Conducting meetings.
 - (e) Gathering necessary current information to support the work.
 - (f) Assisting producer with individual problems.
 - (g) Organizing study groups.
2. Cooperation of the production specialist is required--
 - (a) In order that poultrymen may be taught how to control diseases within their flocks.
 - (b) In order that every bit of information and knowledge concerning breeding, flock management, and so forth, may be brought before the producers so that his producing plant will be of the highest order.
3. It is essential that the specialist in farm management carry out all the steps of the teaching plan that will furnish information to the producer on how to lower costs of production or on the improvement of organization and thereby increase his efficiency.

Organization and results obtained from the operation of turkey pools in Mississippi:

"Under the auspices of the extension marketing division there are two turkey pools held each year in the central and northeast parts of Mississippi to sell turkeys for the Thanksgiving and Christmas markets.

"Early in November 1933 county agents from Noxubee, Oktibbeha, Chickasaw, Clay, Webster, Calhoun, Choctaw, Monroe, Lowndes, and Kemper counties, located mostly in the prairie section of the State, met at the State college and made plans for the annual pool. In accordance with arrangements made at this meeting, 6,700 cooperating farmers from the afore-said counties came together on November 20 and December 14 at their nearest shipping stations and loaded 22 cars of turkeys weighing approximately 300,000 pounds.

"This consignment of turkeys to the eastern markets constituted the largest tonnage of turkeys on record and also represented the largest number of cooperating farmers. The Thanksgiving prices paid to the farmers were: young hens, 11 cents; young toms, 9 cents, old toms and number twos, 8 cents. The Christmas turkeys brought: young hens, 16 cents, young toms, 15 cents; old toms, 12 cents; and number twos, 9 cents."

Poultrymen in Minnesota are guided by facts found through surveys:

"An important poultry marketing survey was carried on in one north-eastern Minnesota county. Dissatisfied with prices paid locally, a number of farmers agitated a movement for the formation of a cooperative egg-and-poultry marketing association. After investigating carefully all factors involved, the formation of such a cooperative enterprise in that county was wisely and effectively discouraged. Investigation showed that under no circumstances could the proposed organization hope to pay prices for poultry and eggs as close to the Chicago and New York prices, as were being paid. Other important findings which grew out of the study were: lack of volume of business, lack of capital with which to organize effectively, unsuitable breed conditions, and a general lack of knowledge of marketing requirements on the part of the committee from which the management was likely to be selected."

Livestock and Wool Marketing

Oklahoma emphasizes marketing wool on a graded basis.

"Special emphasis was placed on the wool-marketing program for 1934. Through county-wide meetings of producers, outlook, grading, and methods of marketing and improvement of fleeces were discussed.

"Sheep producers consigned 65 percent of their 1934 wool clip to the Midwest Wool Growers Association at Kansas City, the largest shipment of Oklahoma producers on record. The annual sales are as follows since 1930: 260,080 pounds, 1930; 426,232 pounds, 1931; 481,382 pounds, 1932; 298,579 pounds, 1933; and 494,027 pounds in 1934.

"Seven hundred and ninety-two producers marketed a total of 298,579 pounds of wool at an average net price of 21.5 cents a pound during 1933 through their cooperative association. Table 1 presents the year's business in detail.

Table 1.--Statistical summary indicating grades, volume, percent in each grade, and the average net price of growers for each grade, 1933

Grade	Pounds in each grade	Percent of marketing in each grade	Average net price to growers in each grade
		Percent	Cents
1/4 Staple	64,601	21.6	26.5
3/8 Staple	36,580	12.2	27.0
3/8 Clothing	22,047	7.3	22.8
1/2 Blood Staple	5,594	1.9	22.17
1/2 Blood Clothing	7,707	2.59	20.46
Fine Staple	8,293	2.77	19.2
Fine Clothing	39,425	13.2	17.3
Burry Medium	69,279	23.2	18.0
Burry Fine	24,051	8.0	16.05
Low Quarter and Braid	13,969	4.6	21.6
Black	1,791	.59	17.2
Dead, tags, etc.	5,242	1.81	13.54
Total	298,579	99.76	21.5 Average

"It will be noted that the percentage of wool in the burry grades make up a large percentage of the total and that much work should be done to improve this condition. With this in mind educational work in 1934 was centered around--

1. Reduction in percent burry of wool.
2. Feeding a balanced ration.
3. Proper tying of fleeces.
4. Tagging of the buck fleece for individual grading.

"Every producer is urged to cooperate in the tagging of the buck fleece, so that a separate grading sheet can be rendered on this fleece. The fleece on the buck has a lot of influence upon the wool produced from the flock in succeeding years. Therefore we believe that this bit of information on this fleece will help the grower materially in securing a more profitable grade of wool."

"An effort is made to impress upon producers the importance of the following points in preparing their wool for market.

1. Shear as soon as the weather in the spring will permit.
2. Shear when the wool is dry and store in a dry place.
3. Shear on a clean floor or on a canvas to prevent chaff from mixing with the wool.
4. Trim "tags" and "sweat locks" from the fleeces and market these in separate bags as these stain the other wool.

5. Fold the fleece with the skin side out and tie into a neat, secure bundle.
6. Tie all wool fleeces with paper twine or other twine made especially for tying wool.
7. Pack fleeces in wool sacks and sort out the different grades and place them together as much as possible.
8. Sell the wool on grade.
9. Tag the fleece from the buck used in the flock so that a separate grading sheet can be secured on the fleece."

The livestock marketing program in Indiana is centered around educational work for livestock producers. The following report on the swine-marketing project exemplifies the work being done in connection with other species of livestock and poultry.

"Fifteen county swine marketing schools were conducted during the year in the same manner as those held a year ago. That is, a marketing specialist and production specialist were present at the 1 or 2-day schools, and the time was evenly divided between the 2 men. The production specialist discussed breeding, feeding, management, housing, and sanitation practices, while the marketing specialist discussed profitable marketing practices and methods and outlook information pertaining to hogs. Fifteen hundred seventy-six farmers attended the 15 schools or an average of 105 persons per school. The attendance can be attributed to several reasons. The first is that swine production in some counties of the State is still a major enterprise, if not the most important, and farmers are very much interested in improved production and management practices. Increased interest was also displayed in outlook and marketing information. This was evidenced by the number of questions asked by producers concerning the information presented. Apparently more and more farmers are endeavoring to couple outlook facts and market information with improved production practices for the purpose of obtaining more profitable returns on the hogs they have for sale. Another reason for the success of these schools was that they were well organized. The county agents usually put forth considerable effort prior to the date of holding the schools and notified all interested producers concerning the program.

"These schools mark the beginning of a production and marketing project which is carried through until the time of marketing. At the time the schools are held, farmer cooperators are secured in each county who agree to follow the instructions of the specialists in producing and marketing their spring pigs. The cooperators are visited by the production specialist and the county agent several times during the production period, and just prior to marketing (July and August) Field meetings are arranged to provide an opportunity for the cooperators to give their experiences concerning the production methods followed and to exhibit their hogs. The attendance at these meetings range from 30 or 35 to as many as 200 farmers. The market-

ing specialist generally accompanies the production specialist on these meetings and discusses outlook and marketing information pertaining to the immediate future.

"As a last phase of the project, livestock market tours to the terminal market are organized. The tours are conducted for the purpose of teaching livestock producers information concerning the marketing of their products that can be taught best on the market. Operations of the market, market demands, grades, prices, outlook, marketing problems, and producer responsibilities are among many of the points stressed. Time is given for discussion and the answering of questions presented by the visitors. These tours are made possible by the cooperation of the Producers Commission Association on the market, the Union Stockyards Co., the Packer Stockyards Administration, the Government Price Reporting Service, packing plants, and Purdue University. A copy of the schedule of a day's program on the Indianapolis market as well as a letter of instructions to county agents on scheduling and organizing the tour is furnished herewith.

Dear County Agent:

In planning your livestock market tours to the Indianapolis market, please note the following suggestions.

Scheduling the tour

1. Arrange the tour date directly with Scott Meiks, Manager, Indianapolis Producers. Set the date before you organize the tour. This will eliminate duplications and give Mr. Meiks an opportunity to arrange for the conducting of all tours.
2. As soon as tour date is set, notify W. B. Stout, T. G. Hornung, or John Schwab at the University, who will personally assist with the tour at the yards.
3. Tuesdays, Wednesdays, Thursdays, and Fridays are preferred by Mr. Meiks as they are more typical market days. However, if it seems best to choose a Monday for best results in the county, plans will be made to meet the requests.

Organizing the tour

1. Keep all group numbers below 40 for any one tour. Best results can be obtained with a group of from 25 to 35. It will be necessary to divide parties of from 50 to 60 into two sections while making the yard trip.
2. Study the conditions in your county carefully and arrange the number of tours according to the number that may be interested in such a trip. Divide the county into sections and include as many townships in each group as may be necessary to obtain the tour quota.

3. Call a meeting of local committeemen and leaders in each tour section to make plans for securing the tour quota. Personal follow-up work on the part of the agent will be needed.
4. Probably more effective work can be done by developing one tour at a time. Use results of previous tours where possible to develop interest in later tours. Give publicity to each tour planned and the results after it has been conducted.
5. Appeal to all livestock men whether members of cooperative associations or not. This work is an attempt to familiarize them with livestock marketing operations.
6. Women should not be excluded. Many times they are as much interested as the men.
7. All members of the tour party should be at the Producer's office by 8:00 A.M. sharp on day of tour. This doesn't mean 8:10 or 8:15.

Note--Although the itinerary will vary somewhat with different tours, the outline on the following page will give some indication of the program for the day.

Extension Economist--Marketing

Schedule livestock market tour at Indianapolis

- 8:00 A.M. Arrive at Producers Commission Association office in Exchange Bldg.
- 8:15 A.M. Leave Exchange Building for packing house tour.
- 8:30 A.M. Arrive at Kingan's Packing Plant.
- 10:00 A.M. Special arranged tour through plant. Space will not permit details.
- 10:20 A.M. Return to stockyards.
- 10:30 A.M. Preliminary statement by tour leader. Day's receipts, condition of market, information from other markets, how buyers and salesmen size up situation in the morning before market opens, and how livestock is handled from time it is received until buyers take charge of it.
- 10:45 A.M. Cattle alleys. Grades and prices noted.
- 11:00 A.M. Hog alleys. Grading, weighing, prices, and operative methods; examination of animals representing the day's market grades; market demands; discussion lead by Producer hog salesman.

- 11:45 A.M. Inspection of scales and explanation of method of weighing.
- 12:15 P.M. Lunch as guests of Producers Commission Association.
- 1:00 P.M. Calf alleys. Grades and prices observed; market demand explained; handling of different grades of calves by members of party; discussion lead by Producer calf salesman.
- 1:15 P.M. Sheep alleys. Grades and prices; effect of castration and docking on prices; examination of class of lambs representing the day's market grades to note reasons for price variation; discussion lead by Producer sheep salesman.
- 1:30 P.M. Return to Producer offices. Short talks by:
- Representative of Producers Commission Association.
 - Operations of agency and operative problems.
 - Feeder cattle and lamb situation. Contracts and credit.
 - Records and accounts. Patronage dividends.
 - Representative of Stock Yards Company.
 - Explanation of functions and operations of his organization.
 - Representative of Packer Stockyards Administration.
 - Explanation of duties and functions.
 - Representative of Government Price Reporting Service.
 - Explanation of how market prices are obtained and released for publication.
 - Representative of University.
 - Discussion of marketing practices, changing consumer demands, immediate outlook and producer obligations.
- 2:30 P.M. Tour officially ends.

Note--Many groups desire to visit the Farm Bureau Oil Plant, seed house and feed plant after the tour ends.

"It is hoped that more time can be given in the way of follow-up work in connection with the market tours that will be held during the coming year. Follow-up meetings provide excellent opportunities for the stressing of the more important points brought out on the tours, and also permits those who were present on the tours to ask questions and clarify any points that were not made clear on the day of the tour."

Ohio's program provides for coordinated community livestock marketing meetings built up around local problems, and all parties interested in the problems.

1. Method of procedure.

Where advisable programs for community meetings will be divided into three groups, one group dealing with marketing subject matter, one dealing with related production problems, and the other dealing with economic information. In some cases it may be advisable to combine parts of each group into a single program.

The following three divisions generally qualify the subject matter:

- (a) Livestock losses occurring during the process of marketing.
- (b) Interpretation of market news and its application to market movements of Ohio livestock by species.
- (c) Achievements and problems of present marketing machinery and their future outlook.

The following points outlined in summary form list the chief aims and goals:

- (a) To correlate the influence of production practice upon transit losses, market grades, market outlets, and prices received.
- (b) To contrast producer responsibility and relationships of different marketing methods employed in locality.
- (c) To analyze community problems associated with seasonal market movement of livestock by species and suggest methods of solution.
- (d) To assist communities to adopt strong educational programs, under local leadership. Such help to aid producers in a better understanding of the close relationship existing as between efficient production and efficient marketing.

2. Division of responsibility

The specialist will prepare suggestive plans for set-up of meetings and provide charts and other printed material needed.

The county agent shall arrange for at least two consecutive meetings in interested localities. He shall provide demonstration material needed, arrange for meeting place, provide proper publicity necessary for securing attendance, and follow meeting with a release telling what happened. The farm bureau and livestock boards shall be informed of all plans and assist in locating and setting up sessions where possible.

The livestock associations management shall provide facts and figures concerning their own shipping business if needed.

Fruit and Vegetable Marketing

Considerable marketing extension work in New York involves the determination of proper market outlets and facilities for the handling of fruits and vegetables. The following statement indicates the scope of this project.

Public Markets

"The Niagara Frontier Farmers' Cooperative Association renting a farmers' market space from the Niagara Frontier Terminal, Inc., did a volume of business which resulted in an income of about \$15,000. The association has a 10-year lease with the privilege of buying the market at cost within the period of the lease. A review of income and expenditures in the operation of this market provided a basis for discussing the advisability of the producers' association purchasing the market. No definite plans have yet been formulated, but extension workers will continue to cooperate with the officers of the farmers' association to assist them in acquiring complete ownership of the market before the expiration of the lease.

"Vegetable growers in the vicinity of Oneonta were given assistance in the relocation of a fruit and vegetable market. Assistance was given in the drafting of bylaws and a constitution for the organization of this group and plans for financing the operation of the market were drawn up and approved by the board of directors. The improved facilities resulted in a materially larger use of the market and apparently the general support of consumers as well as producers.

"At the request of producers and with the cooperation of the county agricultural agent, a survey was made of the farmers using a public market in the city of Auburn. It was estimated that the total sales by producers were about \$60,000. Sales of vegetables made up 52 percent of the total; poultry and eggs, 26 percent; tree fruits and grapes, 10 percent; berries and currants, 7 percent. This market was characteristically a city market with about 89 percent of the purchases made by consumers. City peddlers bought about 7 percent, and retail stores only 4 percent.

"Information was obtained on the volume of different kinds of produce sold, the range in total sales by growers, the distance growers were located from market, the counties from which the produce came, and the total acres in fruits and vegetables on the farms of persons selling on the market. Information was also provided on the volume of sales each market day throughout the season and the kind of vehicle used by growers in bringing produce to the market. This information served as a basis for action by the producers and by the city officials in improving facilities for that market. Information was also presented to the Central New York Market Authority established by the Legislature of 1933."

Roadside Markets

"Records on more than 100 roadside markets were obtained for the year 1933. At the time these records were taken a report on the 54 markets analyzed for the previous year was presented to all cooperators. Information on the operation of roadside markets for the 3 previous years, 1931, 1932 and 1933, provides a sufficient basis for a sound extension program with these persons. Organizations of roadside market operators in several counties were given assistance with their problems of advertising, grading, organization, and the like, and meetings of roadside market operators in other areas were held for a discussion of factors for success in the operation of roadside markets.

"An exhibit at the New York State Fair demonstrated the economical type of construction which might be used in an attractive display of fruits and vegetables. The results of studies of roadside markets were distributed in mimeographed form to persons interested in the exhibit."

The adequacy of storage facilities is an important problem in many areas. New Hampshire reports an analysis of this problem as follows.

Survey of apple storage conditions made in Merrimack County

"There had been some discussion in regard to erecting a cold-storage plant at Concord which would serve apple producers there. Mr. Putnam, President of the State Farm Bureau, asked me to make a preliminary survey to get some idea of the need and interest in central and farm storage.

We learned that a very great increase in McIntosh production was expected within 5 years, and it was stated as running over twice present production. This is due to a large number of young trees coming into bearing. A brief summary follows:

<u>Number growers answering</u>	<u>Present common storage</u>	<u>Average production past 3 years</u>	<u>Estimated produc- tion in 5 years</u>
18	22,675 bu.	32,750 bu.	78,500 bu.

<u>Number growers answering</u>	<u>Cold storage needed now</u>	<u>Additional cold storage needed in 5 years</u>
18	23,500 bu.	56,000 bu.

"In the next few years there will be more interest in storage facilities for McIntosh apples. Many producers, however, still sell considerable quantities of apples at or near picking time. Many use city cold storage, and such facilities seem ample.

"Storage does give the grower bargaining power and permits him to sell through the season. However, in considering the frequency with which apples are sold at picking times and the crop failures or small crops produced in which case large storage facilities are not needed, the question arises as to whether the additional overhead is justified."

Cooperative marketing of certain fruits and vegetables has assumed large proportions in some areas. Marketing extension work in Michigan is centered around the cooperative movement as illustrated by the following statement.

"The cooperative marketing of potatoes in Michigan began in any sizable volume in 1917 with the organization of local cooperative potato-marketing associations, principally in northwestern Michigan, and their subsequent federation forming the Michigan Potato Growers Exchange. Potatoes were marketed in the territory which the organization served at that time almost entirely by railroad. The development of paved roads has given rise to an

extensive movement of potatoes by trucks. This has been considerably stimulated by depression conditions and the increase in the number of truckers who are endeavoring to eke out an existence by peddling potatoes and other vegetables and fruits in nearby markets.

"The Cooperative Marketing Organizations handling potatoes have established their success through a quality program. The advent of the trucking competition aggravated by depression conditions during the past year has made necessary a considerable change in the methods which the cooperatives use in assembling and marketing potatoes. One of the most important of these changes from an organization standpoint has been a necessity of the local organizations and the Michigan Potato Growers Exchange to change their plan of operation to provide for financing advances to growers at the time of delivery of potatoes. The Exchange was originally organized as a nonprofit membership federation, and this type of organization is not well adapted to the financing of local potato shipping points. For this reason and others one of the major projects of the extension specialists in marketing during the year has been the formulation of a plan of reorganization for the Exchange and a number of its locals.

"This work was carried on through numerous conferences and meetings held with officers and members of the Exchange and its local organizations. It is gratifying to note that while the Potato Growers Exchange shipped a total of 729 cars of potatoes during the year ending July 31, 1934, that the organization has already shipped during the present season approximately twice as many carloads as was shipped during the entire previous year. A large part of this is due to the increased total Michigan production which for 1933 was 20,670,000 bushels, while during the past season the production increased to 34,304,000 bushels. The rate of increase of shipments is out of proportion to the increase of total production and the increase that would be expected from other causes under present conditions. It seems warranted to assume that the work done by the marketing specialists has materially assisted the cooperative organizations in the problems of marketing potatoes.

"A series of three schools of cooperation were held in northwestern Michigan to supplement the organization work with the cooperatives handling potatoes. These schools were attended by managers and directors of cooperative associations and a number of pertinent topics discussed. The work was carried on in cooperation with a number of departments of the Michigan State College, the Michigan Potato Growers Exchange, and other agencies, as was other educational work. One of the outstanding features of the educational program was a tour of the markets of the City of Detroit, which had for its purpose the acquainting of potato growers with the problems of the terminal market and the importance of quality shipments.

"The specialists in marketing in cooperation with the Director of the Rural Rehabilitation of the Federal Emergency Relief Administration developed plans for the building and operation of potato warehouses by the potato growers of the Upper Peninsula. Due to climatic conditions potatoes produced in the Upper Peninsula are harvested at a time when ordinarily the largest volume of potatoes are on the market. As there were no storage facilities outside of home storages the growers have been at a distinct disadvantage. The grower has had the choice of selling his potatoes in what is usually a comparatively poor market or storing them at home for subsequent sale. The

grower storing potatoes at home, due to the impossibility of moving them during a large part of the winter because of low temperatures, frequently cannot market potatoes until spring unless sold in the fall. Local cooperative organizations of potato growers were formed at 20 different locations in the Upper Peninsula in order to provide storage facilities at shipping points. The extension specialists in marketing in addition to the organization service rendered assisted the organizations in the installation of approved accounting systems. These cooperative organizations have entered into a contract with the Federal Emergency Relief Administration for the building of potato warehouses. The cost of such warehouses will be met by storage charges on the potatoes handled."

The proper coordination of effort by the various agencies engaged in marketing research, teaching, and regulation is essential in conducting an extension program. The following illustrates methods employed by Colorado in the field of vegetable marketing:

Organization of forces

1. United States Department of Agriculture will supply statistical information relative to annual production by States and market prices.
2. The Bureau of Railway Economics will supply statistical information relative to shipments and distribution.
3. The Agricultural Economics Department will assemble information on cost of production.
4. The Federal Crops Estimates office in Denver will supply data on production during current season.
5. This Federal-State Market News Service in Denver will supply current market price and commodity movements.
6. The Federal-State Inspection Service will provide grading and inspection service.
7. The State office of markets will provide for the organization of producers for marketing functions.
8. The extension horticulturist will cooperate by recommending desirable varieties to produce and approved cultural methods as determined by experimentation at the State and Federal stations.
9. National marketing agencies and their subsidiaries will supplement the functions of the foregoing departments by cooperating in more efficient distribution.
10. Agricultural instructors will cooperate in marketing schools in producing areas.
11. County extension agents will make local arrangements for meetings, schools, and the like, and will distribute marketing literature and participate in all marketing activities.

12. The extension marketing agent will assemble information above mentioned and supply extension workers, agricultural teachers, and marketing officials with such data and cooperate with producers and others interested in making available desirable and essential information in a practical program of cooperative procedure as to what, when, where, and how to market the product.

Methods

"At the request of the county agent, and in cooperation with local producers, inspection service, and marketing associations, meetings or schools will be held in a series of three sessions, one of which shall be devoted to imparting instruction relating to "standards", "size", "tolerance", "containers", and definitions denoting quality standards.

"Another session shall be devoted to the consideration of factors involved in distribution including costs in assembling, packing, icing, freight, pooling, advertising, brands or trademarks, correlation of production and sales, competitive producing areas, consuming centers, consumer habits, and distributing agencies and organizations.

"The last session shall be given to the consideration of financing the enterprise, production loans, and marketing advances from within or from without, voluntary or involuntary, from governmental, commercial, or cooperative sources."

California has assisted many fruit and vegetable groups in the development of marketing agreements and prorate programs under Federal and State legislation. The report of these activities follow.

"Twelve marketing agreements under the General Crops Section of the Agricultural Adjustment Administration have been put into operation in California. This number represents more than half of the total marketing agreements which have been put into operation in the entire United States. The following commodities have been served: canning peaches, canning olives, walnuts, deciduous fruits, raisins, fresh asparagus, canning asparagus, dates, prunes, oranges and grapefruit, Gravenstein apples, and Tokay grapes.

"In addition to these commodities which were actually placed under agreements, there was considerable work done with the poultry industry, tomatoes, alfalfa hay, beans, pears, apricots, cherries, and wine grapes.

"Assistance in this work included the development of economic briefs, which established the statistical position of the industries and was the basis for determination of a marketing plan; the development of a program which would serve the industry and meet legal and economic requirements of the Agricultural Adjustment Act; the dissemination of information to growers and handlers; the participation in the active operation of the agreements after they became effective. In addition to working closely with the control boards in an informal fashion, the marketing specialist has served for the past year as chairman of the Raisin Control Board, the Walnut Control Board, and the Prune Control Board.

"Ten commodities have effected prorated agreements during the past year. These included lettuce in Imperial Valley, new potatoes in Kern County, lettuce in the Santa Maria Valley, Gravenstein apples produced in California, Emperor grapes produced in Southern California, sweet potatoes produced in San Joaquin Valley, tomatoes produced in Southern California for fresh shipping purposes in local markets, sweetpotatoes produced in Southern California, asparagus produced in the Sacramento River Delta, and artichokes produced in California.

"Assistance to these commodity groups has been given by the development of economic data, including a study of quantities to be marketed, price supply relationships, statistical information showing production, acreage and number of growers, and in the development of the plan to be used in the actual operation of prorating. The Berkeley office together with county extension offices has assisted in the signing of prorated petitions to the extent of organizing local committees and acting as the agency through which this work was cleared.

"Operations under the Prorated Act have generally proved satisfactory and have meant increased returns to growers through an orderly distribution of their commodities. A number of weaknesses have been discovered in the Prorated Act and considerable time will be spent during the next few weeks in assisting the farm bureau and other interested groups to prepare amendments to the Prorated Act which will be presented to the next legislature."

Grain Marketing

A number of States have been conducting grain marketing programs based on the analysis of elevator operations and subsequently necessary follow-up work. The Kansas report is illustrative of this type of program.

I. Reasons for Adopting

Believing that the increasing number of cooperative organizations in the State is an indication that the producer is determined to market his own grain, and if such is his plan, the following plan is outlined to indicate, teach, and demonstrate the best known methods for so doing.

II. Long-Time Goals

1. A thorough understanding by the producer of the possibilities and limitations of cooperative marketing.
2. A complete knowledge by the producer of the various local, regional, and national organizations that will affect him.
3. A program of cooperative marketing methods and procedures to 4-H club members.
4. Cooperative organizations which are producer owned make quality selling for the producer more effective.

III. Procedure and Program Organization

1. District meetings with cooperative organization managers, directors, and county agents for the purpose of promoting a better understanding of the principles of cooperation on the part of each.
2. Appointment of county marketing leaders composed of at least one member from the board of directors of each cooperative elevator and cooperative organization in the county, preferred manager, and at least one other director. Some other progressive producers, some young farmers, one member of the farm bureau board, and one or more 4-H club members.
3. Survey of local organizations as secured by the cooperating State regionals. The organizations to be established as better business method demonstrations.
4. The analysis to be returned by the extension economist, marketing, to the board of directors with the men from the regional representing that territory. In the presentation of the analysis, better methods will be suggested and changes made where possible.
5. A further follow-up will be made with a meeting of the stockholders to acquaint them with the above program. This will also cover a discussion of regional and national organizations and benefits.

6. It will be the endeavor to create a better understanding of the importance of adhering to the entire cooperative program of local, regional, and national organizations.

IV. Division of Responsibility

1. Specialist will

- (a) Arrange with county agents for district county agents and elevator managers, directors, and stockholders meetings and attend this meeting.
- (b) Survey local elevator.
- (c) Attend district managers' meetings.
- (d) Present analysis work to boards of directors.
- (e) Assist in stockholders' meetings or in county meetings of stockholders' groups.
- (f) Attend and assist with meetings of marketing council when possible.
- (g) Arrange for a representative of national organizations to attend marketing council meeting.

2. County Agent will

- (a) Attend district county agents' conference.
- (b) Attend district cooperative managers' meetings.
- (c) Appoint or select marketing leaders. Leaders to be composed of representatives from:
 - (1) Board of directors of each cooperative organization in the county.
 - (2) Progressive producers not on board and who may not be members of cooperative organization if they are interested.
 - (3) Some member from the farm bureau board.
 - (4) Some young farmers.
 - (5) One or more 4-H club members in each county.
- (d) Arrange for a meeting of the marketing leader group and attend such meeting with specialist or representatives of national groups.
- (e) Arrange for some contact work with 4-H club members throughout the year.

3. Cooperating National Group will

- (a) Attend district county agents' conference.
- (b) Attend district managers' conference.
- (c) Contact local cooperative organizations for survey work.
- (d) Attend directors' meeting with extension economist, marketing, when the analysis is returned.
- (e) Attend stockholders' meetings and county meetings of stockholders.
- (f) Attend meetings when possible to fill request of county marketing committee.

4. Department of Agricultural Economics will

- (a) Analyze survey reports of elevators.
- (b) Check with extension marketing specialist on letters sent to local elevators.
- (c) Department of agricultural economics, K.S.C. with representative of division of cooperative marketing, and extension division will analyze the records further on a comparative basis for research.

V. Results Will Be Measured By

- 1. Number of elevators surveyed and analyzed.
- 2. Number of practices suggested and adopted.
- 3. The percent of increase of products through cooperative channels from producer to local; to regional; to national.

The Extent To Which Long-Time Goals For Marketing of Grain Have Been Reached

Goals	Accomplishments
1. To persuade 80 percent of the grain growers and dealers to buy and sell on a quality and grade basis, emphasizing processing of top no. 2 wheat.	1. With the change in Federal grades, selling on a grade basis will be more effective since it will not allow as much mixing between the local and terminal. Progress has been made but the goal of 80 percent has not been reached.
2. To persuade 20 percent of the growers to study fundamental market conditions and the use of "The Kansas Agricultural Situation."	2. Approximately 20 percent of the growers are studying fundamental market conditions and the use of the market forecast.

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|---|--|
| <p>3. To furnish information to managers and members of cooperative elevators.</p> | <p>3. The marketing news notes has been furnished to managers and members of cooperative elevators. This is a quarterly news-letter.</p> |
| <p>4. To give assistance and information on cooperative marketing of grain in those counties desiring it.</p> | <p>4. All possible assistance was given to cooperative marketing of grain.</p> |
| <p>5. To survey and analyze the business of those cooperative elevators and regional organizations requesting it.</p> | <p>5. The regional associations as well as the cooperating cooperative elevators have been surveyed and analyzed.</p> |
| <p>6. To survey and analyze 40 percent of the cooperative elevators in 5 years.</p> | <p>6. Approximately 45 percent of the cooperative elevators of the State have been surveyed and analyzed in the past 4 years.</p> |
| <p>7. To familiarize 4-H club members with principles of cooperation as a study and a part of the program in 4-H club meetings.</p> | <p>7. A definite study on the principles of cooperation was made a part of the "Leaders Guide" to be included in the program of 4-H club meetings.</p> |
| <p>8. To secure production and marketing records in cooperation with the production and farm management programs.</p> | <p>8. No records available.</p> |

Statistical Report From Stato Supplement Showing Value To The State:

	<u>1933</u>	<u>1934</u>
1. Number of cooperative farmers' elevator companies in the State	1/244	1/268
2. Number of farmers' elevators that have changed from stock companies to a cooperative basis . .	4	12
3. Number of cooperative organizations represented on cooperative marketing committees	151	103
4. Number of men in cooperative marketing committees	416 (41 cos.)	304 (30 cos.)
5. Number of 4-H club leaders acting on these committees	28	19
6. Number of meetings held by these cooperative committees	83	38
7. Number of community meetings held where these leaders assisted	110	74

	<u>1933</u>	<u>1934</u>
8. Number of these leaders assisting with such meetings	131	36
9. Number of 4-H club meetings in which marketing was discussed	165	273

1/ Figures reported by county agents in farm bureau counties.

Form For Analysis Of Bylaws

I. Capper-Volstead provisions	Required	Comments
1. One vote per member <u>2/</u>	Yes	<u>Yes</u>
2. Dividend on common stock limited to 8 percent <u>2/</u>	Yes	<u>Yes</u>
3. Not more than 50 percent of business with nonmembers	Yes	<u>Yes (stated in bylaws)</u>
4. Voting limited to producers of agricultural products	Yes	<u>No</u>
5. Association operated for mutual benefit of producers	Yes	<u>Yes</u>
6. That the association shall be engaged in interstate and/or foreign commerce	Yes	<u>Yes</u>
II. Analysis of other provisions desirable		Comments on your association
1. Provision for a surplus	Surplus equal to amount of outstanding capital stock.	Yes. (Profits from <u>nonmembers business.</u>)
2. Provision for amendment by bylaws	By majority of members present at regular meeting of stockholders. Requirement should not be too rigid.	<u>O. K.</u>
3. Election of board of directors	5-7 directors are enough. Terms should expire at different periods so that experienced members will be on the board at all times.	<u>Staggered terms.</u>
4. Control of stock transfers	Transferable only to farmers and only if owner is free from debt to company. Transfers not valid unless transferred on books of ass'n with approval of board.	<u>Not limited to producers, left to board of directors.</u>

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|--|---|--------------------------|
| 5. Provision for purchase stock by company. | Purchase of stock of members should be optional with association. Basis of purchase whether book or par value should be stated in bylaws. | <u>Par value of \$25</u> |
| 6. Provision for distribution of net earnings. | On basis of business. Prorate to be first applied on indebtedness of member, if any. Adequate reserves to be provided before prorations are made. | <u>Satisfactory</u> |

2/ Only one of (1) and (2) under Capper-Volstead provisions is required, but both are desirable.

A sample analysis letter, dated March 24, 1934, and report on an organization with a 3-year analysis follow.

"Cooperative Organization No. 14:

"Enclosed you will find a tabular statement of the financial analysis made from your annual audits for the past 3 years. This report is similar to ones you have received before for individual years. In this case, however, we have placed the figures alongside each other so you can make comparisons more readily as to progress that has been made from year to year. Also, we have checked figures for earlier years and corrected any minor errors.

"Part I of the tabular statement shows an analysis of the working capital. With the exception of items 4 and 6 your organization has made an excellent record in regard to all the comparisons shown in this section. Item 4 indicates that the amount of receivables is large in relation to the sideline sales. The ideal standard in this respect is sideline sales about 12 times the amount of receivables or, stating it in another way, the sales during the month should be about equal to the amount of credit extended. Of course in periods of low prices and slow collections, it is difficult to even approach this ratio of 12 to 1. However, since item 6 shows that receivables are a rather large percent of the current assets, it would seem desirable that some attention be given to the question of reducing the receivables. Since you have already adopted a plan of cash payment, the matter of reducing receivables depends upon making some reduction in old accounts and notes.

"Part II shows an analysis of the fixed capital. Both of the comparisons are well above standard. The same thing may be said of the three comparisons made under part III. Your organization is to be commended especially for the large surplus that you have against outstanding stock. This is one point where many cooperative elevators of the State have fallen down during the last year or two.

"Part IV shows the financial results of operation. Item I of this section indicates that the operating costs were high in relation to the gross income. Most organizations calculate that the operating costs should be about 97 percent of the gross income so that a 3 percent margin is maintained. The margin on sales is about standard, but the margin on wheat sales and sales of other grain is slightly less than is desirable. You have maintained a very satisfactory margin on sideline sales. Many organizations attempt to handle sidelines on too small a margin. Item 7 shows that salaries and wages are slightly above the desirable standard in relation to the gross sales.

"Part V shows a membership which is above average in regard to numbers but which does not come up to standard in percent of members patronizing the company. The capacity turnover during 1933 was slightly below the desirable standard, but the record for the 2 previous years indicates that this can be brought back to normal with the return of good crops. However, it would seem advisable to induce a larger percent of the members to patronize the company as a means of securing a large volume in years of small crop.

In conclusion the suggestions made above may be summarized as follows:

1. A reduction in the amount of receivables and the establishment of a definite policy in regard to credit extension.
2. A reduction in the operating costs so that a margin of 3 percent may be maintained on the gross income.
3. A somewhat wider margin on the sales and also the wheat sales.
4. A larger percent of the members patronizing the company.

"The above analysis is based upon the combined business and is not separated into store, elevator, and oil departments. A consideration of these departments separately indicates that the oil department has been carrying the losses of the store and elevator departments. Not considering the amounts set aside for bad debts and depreciation, the audit indicates that the elevator department and store department incurred losses which were made up by the oil department. Whether or not this is entirely fair to the patrons who purchase gas and oil is a matter to be decided by the members of the organization. However, it would seem advisable to give some consideration to the question and perhaps in the future operate the business in such a way that the store and elevator departments assume their profits and losses.

"In addition to the tabular statement, you will find a chart showing the same financial analysis of your business. The lines on this balance-sheet chart may indicate to you more clearly in what respect your business has been above standard and where, if any, it has dropped below standard.

"We hope this work will be of some value to you in calling to the attention of your patrons the real effort that is being made to keep their company in line with safe financial standard and pointing out to them what cooperation they will have to give to enable the manager and board of directors to do any more than they are doing.

"Assuring you we will at all times be glad to be of any assistance we can, we are

Sincerely yours,"

The same type of analysis was made for two of the terminal associations, and the analysis, dated May 16, 1934, for Cooperative Organization "B" is included in this report as follows:

"Cooperative Terminal Organization "B":

"Your recent statement of assets and liabilities has been analyzed and we are submitting a comparative analysis of certain items. The comparisons are similar to those which were made a year ago and will give you an opportunity to study the progress made during the past year.

"Table I shows a comparison of certain balance-sheet items for the past 3 years. Especially commendable is the reduction in the amount of receivables and also current liabilities as compared to a year ago. The current liabilities are approximately one-third as large as they were at the time the audit was made in 1933, while the current assets are only slightly smaller. The receivables have been reduced approximately \$10,000 during the past year.

"Table II shows the comparative standing in regard to 4 important financial results for the past 5 years. Each one of these ratios shows excellent improvement during the past year. They also show a strong financial position. Your organization is to be commended for the marked improvement in the financial position as compared with that shown by the audit 2 years ago.

"Table III compares the actual receipts and expenditures with those estimated in the budget for 1933-34. The receipts and expenditures are also shown in percent of the items as listed in the budget. While the total expense was about \$2500 larger than anticipated, the income was nearly \$9,000 more than expected. On a percentage basis, this indicates that expenses, not including what was written off as bad debts, were 120 percent of the expense as estimated in the budget. The income was 175 percent of the income estimated in the budget. While this indicates that the items as set forth in the budget were not rigidly adhered to, it shows that the increased expenditures were entirely justified by the substantial increase in income. There is one item listed in the expenditures, namely, that of \$209 for interest paid, which was not included in the budget.

"In addition to these 3 tables, which are similar to the tables which were submitted to you last year, we are submitting a table of total monthly shipments of grain to Kansas City for the past 3 years. When the volume of business which your organization has handled during the past fiscal year is compared with the trend in grain receipts at your market, it is readily evident that your organization handled a much larger percent of the total business than ever before. This is a very commendable showing in a year of a small crop.

"May we again assure you that we are pleased to cooperate with your organization in our work that we have been doing with local elevators. Extending best wishes for a successful annual meeting, we are

Sincerely yours,"

Follow-up

"The follow-up part of the cooperative marketing program is very important as results are to be secured. Special meetings with stockholders or directors were held for two reasons:

1. It is practically impossible to arrange for a meeting at their annual meeting dates as several organizations schedule their annual meeting on the same date.
2. There is not sufficient time for a complete discussion of the analysis and at the same time perform the other business of the association.

"The effectiveness of the special meetings has been increased in the presence of a member of the cooperative regional taking part on the program."

Results

The following results indicate development in this program:

1. A better understanding between these farm organizations and extension work, resulting in better cooperation.
2. The carrying out of an organized study of local organizations which will develop into a study of membership relations.
3. The individual farmer obtains a better understanding of the size, purposes, and his relationship and duty to his local, regional, and nation organization.
4. An increase in the percentage of business from individual to local.
5. An increase in the business from local to the cooperative regionals and to the national cooperative marketing organizations.

Iowa reports the result of assistance rendered in helping draft a new cooperative law for the State and the benefits derived thereby in the field of grain marketing.

"A completely new set of articles and bylaws was prepared in cooperation with the Farmers Grain Dealers Association for use in connection with the reorganization work. However, because of deficiencies in the cooperative law as a result of which it was legally inexpedient to do some of the things which it was desirable to do in connection with the new set-up, it was found necessary to revise the cooperative law. Much time had previously been spent working with farm organizations and a special legislative commission, appointed to re-codify the corporation laws of the State, in connection with the preparation of a new cooperative law. The reorganization work was therefore temporarily held in abeyance, except in especially urgent cases, until the new law could be enacted. The proposed law, however, got caught in the jam toward the end of the special legislative session (1934) after it had passed the senate with only one dissenting vote. However, a new bill was drafted and introduced in the 1935 regular session

of the legislature, which bill passed both the houses unanimously after having had the unanimous support of all the Iowa cooperative organizations and of the general farm organizations (with the exception of the Farm Holiday Association).

"The new law contains features not found in any other stock cooperative law. In general, the act seeks to bring cooperatives with stock up to the same cooperative standard as was provided by the 1921 nonstock law for nonstock cooperatives. The present act is not merely permissive as to the essential cooperative features, but is, to a large extent, mandatory. Moreover, it seeks definitely to make the member patron the sole beneficiary of the operations of the organization, even to the extent that in case of dissolution, stockholders participate in the surplus on a patronage basis.

"The creation of a free surplus is strictly limited, and any profit retained in the business in excess of the limited reserve must be allocated among the members on a patronage basis. The new act provides for both stock and nonstock organizations and makes the requirements the same for both types of organization."

Market Organization

In order to analyze properly the marketing functions and processes in any market, a detailed and comprehensive study is necessary. An outline of the problems and procedure involved in such a study is given by Massachusetts as follows.

A Study of the Worcester Market Situation with Respect to Fresh Fruits and Vegetables

I. General statement of problem

General observation indicates that rapid shifts are being made in the channels and methods of distribution of perishable products in the Worcester market.

Apparently wholesale distribution channels and methods are being changed by many technological developments such as, for example, (1) refrigeration, (2) motor trucks, and (3) modern highways.

Apparently retail distribution channels and methods are being changed by such developments as, for example, (1) the chain store, (2) automobiles, and (3) changing standards of living.

Local producers believe offhand --

1. That many inefficiencies exist in the present marketing organization,
2. That the present facilities are entirely inadequate for the most economical disposal of their products, thus forcing the local buyers to look for other sources of supply (Boston, Providence, and others).

3. That the chain stores bring in their produce from outside areas because of lack of local buying facilities (a market place where they could go and select products in sufficient quantity); and generally,
4. That foreign-grown products are being "pushed" by the local trade at the expense of local products.

In order to substantiate or disprove such beliefs and to enable producers and consumers to understand more clearly the general nature of the local market and of the supply area, it is proposed--

1. To make a study of the nature of the local marketing processes, and the shifts taking place therein,
2. To determine whether such shifts are the result of the operation of natural economic forces outside of the field of local inefficiency or in adequacy or whether such shifts are being forced through local inefficiencies and inadequacies.
3. To determine the effect of such shifts on local producers and whether they are economically favorable or unfavorable to local producers.
4. If inefficiencies and inadequacies do exist, to determine and suggest methods of overcoming them.
5. To define the production areas (local and foreign); determine the shifts in these areas; and determine the causes for these shifts.

It is therefore proposed that this study should be made.

II. Specific purposes of study. More specifically, the purposes of this study are:

Concerning Worcester Market Structure

1. To determine the origin and disposal of the produce exchanged (the Trade Channels of Distribution) and the proportion of the supply handled by each agency in the local market structure. To determine also not only the relative importance of the various channels of distribution and the agencies at various stages in the channels, but also the importance which each plays at different times during the local production season.

Note--It is recognized that to provide information which would answer the above purpose would not in itself provide solutions for the marketing problems but that it would furnish a much needed foundation and the means to an end inasmuch as pertinent data would be obtained concurrently to throw light on such problems as those mentioned below.

2. To analyze the functions of each type of agency (kinds of services rendered).
3. To determine the economic or intra-market relationships between various agencies in the market.

4. To determine the efficiency of particular business units, agencies, channels, marketing arrangements, and of the market in general as it is now operated. (A superficial study based on observations rather than attempting to obtain definite measurements of efficiency.)

Note--Inefficiencies which might exist include:

- (a) Excess duplication of retail outlets.
- (b) Excessive luxury services (frequent deliveries).
- (c) Extreme competition for small orders and the last fringe of business.
- (d) Duplication in wholesale branches and distributing services by concerns performing exactly the same service.
- (e) Duplicate routes of delivery trucks.
- (f) Unnecessary multiplication of facilities of any kind, to match similar facilities of an aggressive competitor, or in order to get ahead of the competition and increase volume.

5. To describe physically, locate, and determine reason for location of agencies within the City of Worcester.

Note--Can be explained by considering (1) nature of commodity, (2) transportation costs, (3) differences in cost rates of operation at different places, such as rents, labor, etc., (4) advantages in accessibility to customers at different places, (5) the influence of size of business (economies of large scale operations, also), (6) the competitive conditions of the trade, and (7) the type of agency carrying on the marketing operations.

6. To determine changes or shifts which have taken place, during the 8-year period (1925-33), in proportions of supply handled by each agency in the distributive organization.

Note--In determining the reasons for shifts and defining functions and efficiency, the obtaining of such incidental information as follows:

- (a) The nature of contract of sale.
- (b) Credit allowed.
- (c) Discounts and rebates provided.
- (d) Tolerance of shrinkage.
- (e) Tolerance of substitution.
- (f) Responsibility of deterioration.
- (g) Provisions for inspection and adjustment of claims.
- (h) Methods of negotiation.
- (i) Guarantee of price maintenance of either buyers or sellers.
- (j) Price agreements among competing dealers.
- (k) Agreements between buyers and sellers in regard to resale prices.
- (l) The attraction of advertising by agencies in the market.
- (m) Understandings in regard to trade territories for the different types of dealers.

7. To suggest methods of lowering costs, or in other words, increasing efficiency in the local marketing process.

8. To determine if any why local products are not "pushed" and find suggestions as to how such discriminations can be overcome.
9. To determine the extent, if any, which the market outlets (consumption) of local grown products, can be increased in the local area. (a very superficial study population trends and trends in consumer preference.)

Note--As a means of approaching the above problem, the following is suggested: Analysis of prices of products from competing areas, including relationship to type and quality and to methods of distribution and sale, seasonal variation of prices, and factors within the consuming area, including especially the variations associated with differences in types of products and points of origin.

10. To suggest means of overcoming inadequacies if they are found to exist.

(a) To determine the possibilities of a new farmers' market set-up discussed from the standpoint of (1) location, (2) needed facilities, (3) type of control, (4) needed regulations, and (5) means of financing.

Concerning Production Areas

11. To locate and describe the present limits of the local production areas for the principal fresh fruits and vegetables which can be grown locally and which are concentrated in the Worcester market.
12. To locate and describe the present extent of the production area for foreign-produced fruits and vegetables which compete with local grown products during the local growing season.
13. To locate and describe the limits of the local production area as it existed in 1925.
14. To locate and describe the extent of the production area, as it existed in 1925, for foreign-produced fruits and vegetables which compete with local home-grown products during the local growing season.
15. To find the factors determining the limits of the areas in both cases and thus account for shifts or fluctuations in these limits.

Note--Such a study should bring out the close relationships between the problems of commodity distribution, transportation rates, and regional price differentials. This study should point out the prospects for expansion or contraction of the present supply area and the possibilities of competition from new sources of supply--caused by, for instance, development of roads, trucks and other transportation lines. It should explain why the limits of the market exist as they are and why they change from time to time. It would contribute to an understanding of the market structure for the commodities concerned. A knowledge of the boundaries of the supply area would be helpful in collecting, disseminating, and interpreting crop and market news.

Data needed for interpretation of boundaries and limits of areas would be as follows:

(a) The relative costs of transportation from one point to another.

- (1) Rates.
- (2) Convenience of service.
- (3) The reliability of the agency.
- (4) Time lost in transit.
- (5) Advantages of assorted loads.
- (6) Custom duties.
- (7) Health and disease regulations.
- (8) Adequacy of facilities on alternative markets.
- (9) Loading and unloading costs and time spent along route.

(b) Reasons of conflict between theoretical and actual boundaries.

- (1) Weaker bargaining power.
- (2) Distance to market for perishables.
- (3) Recent changes in transportation costs (result of lag in readjustment).
- (4) Health regulations.
- (5) Grading requirements.
- (6) Convenience and adequacy of service.

16. To determine whether or not the local production area will be able to compete successfully in the production of certain fruits and vegetables for the Worcester market and whether or not past shifts have been due to the introduction of more "attractive" enterprises or whether inadequate and inefficient outlets have affected prices adversely and thus given already-existing alternate enterprises comparative advantage over fruits and vegetables.

(a) By a producers' survey determine the following (a farm management study):

- (1) Trend of shifts in production of fruits and vegetables.
- (2) Relative comparative advantage of competing alternative enterprises during period of shifts.
- (3) Relationship between enterprises. Point out nature of joint products and their effect upon total production, and similar relationships.
- (4) The place of each commodity in the farm organization.
- (5) The different practices and their effect upon other enterprises in intensity.

Note--To determine the above it is necessary to obtain the inputs per outputs for the crops in question.

Concerning Consuming Areas

17. To locate the limits of the consuming areas for the principal fresh fruits and vegetables (which can be grown locally) and which are handled in some part of the Worcester market.
18. To find the factors determining these limits, and to account for the fluctuations or shifts in these limits from year to year. (See Weaver's Study.)
19. To determine the possibilities of developing new areas or foreign outlets for the local production area.

III. Method of Approach to Problem

1. A working approach to a study of the above problems will be made by canvassing a questionnaire among representative samples of the following groups:
 - (a) Retailers (independent and chain)
 - (b) Commission and wholesale houses (Worcester, Springfield, Boston)
 - (c) Traveling truckers (where?)
 - (d) Hucksters
 - (e) Farmer producers in surrounding territory
 - (f) Sellers on the farmers' market
 - (g) Hotels and restaurants

The following survey reported by Rhode Island illustrates another phase of the problem of analyzing and selecting desirable market outlets.

Factors For Consideration in Surveying the Possibilities Of a Canning Plant at East Greenwich

I. Availability of raw materials

The profitableness of a canning plant depends upon a succession of crops which will enable the plant to operate as many days as possible during the season and a sufficient quantity of each crop so that the plant can be operated at or near capacity each day. A commercial canning plant cannot depend upon surplus products if it is to operate economically. There must be a dependable and regular supply in season of crops specifically grown for canning. The quality of the canned crop and the demand for it are influenced by the variety grown, the type, the stage of maturity, and the condition at the time of harvest for canning. The important factors which will determine whether or not a supply of raw materials will be available are these:

1. Soil and climate

The production for market of many different vegetables is evidence that the soil and climate in many sections of the State are adapted to the growing of vegetable crops. Among those grown are several which are adapted for canning; namely, spinach, beets, carrots, snap beans, lima beans, sweet corn, tomatoes, and squash.

All these vegetables are produced in large quantity during the season and are marketed as fresh vegetables to supply the demand of local and nearby markets.

2. The availability of crop land

The transfer of land from crops now grown to the growing of vegetables for canning would require changes in farm organization and management. It would take time for farmers to make these changes. Before making such changes farmers would need to be convinced that the new crops would give them an increased income over what they are now getting. Most farmers would want some assurance that the market for such new crops was reasonably permanent.

3. Competing enterprises

In general the system of farming followed in Rhode Island and the sources of farm income are the result of several years experience on the part of farmers. The farm enterprises now found on Rhode Island farms are those which over a series of years have given farmers the largest net returns.

The production of crops for canning would be a new enterprise. Farmers would have to displace present enterprises with the new enterprise to some extent. In many cases it would mean the purchase of new equipment. It would mean learning how to grow the kinds and varieties of crops which are used for canning and to harvest and deliver them in the right condition. Production practices vary in some instances from those used in growing and harvesting the same vegetable for market.

Rhode Island producers are closer to consuming markets than are most of the producers growing vegetables for market. No comparative farm prices for vegetables in Rhode Island have been collected. However, market reports and farm management surveys indicate that farmers in this State received prices per acre and per unit as high as, and in many cases higher than, the prices received by farmers in the States listed. Nearness to market means lower costs for hauling. It also means farmers in this State often can increase returns per acre by selling seconds. Distant shippers cannot do this because of high transportation and package costs.

II. Labor supply

1. Availability

The growing and canning of crops requires an abundance of cheap labor at certain seasons of the year. The variation in the demand for labor is wide. According to the Bureau of the Census of Manufacturers in 1931 the number of persons employed in canning and preserving plants ranged from the peak of 181,658 in September to a low of 37,815 in December. In the production of many vegetables there is a peak demand for labor at certain seasons, especially

during thinning and weeding and at harvesting. There is some doubt as to whether such labor would be available in Rhode Island during normal business conditions, and if available, whether the wages asked would be at levels which would enable farmers and canning plants here to compete with other canning areas.

2. Wages

Wages for farm labor in Rhode Island are on a higher level than wages in many of the States where canning crops are grown, as shown by table 2.

Table 2.--Farm wages per month with board, 1933

Month	Rhode Island	New York	Delaware	Maryland
January.....	\$29.00	\$20.50	\$18.25	\$19.75
April.....	29.00	20.50	17.00	18.25
July.....	33.00	22.25	18.00	18.75
October.....	36.75	22.50	19.75	20.25

III. Financing

1. Capital investment

The investment in fixed and operating capital to provide a properly equipped plant is quite large. The investment required is between \$2,500 and \$3,000 for each 1,000 cans capacity. If automatic machinery is used this would mean a large investment since the smallest plant equipped with automatic machinery would be capable of turning out at least 100,000 cans a day.

Capital is required not only to operate the plant but also to make payments to growers, to pay salaries and wages regularly, and to store the product until it is sold. The storage of canned goods is requiring increased amounts of capital on the part of canning-plant owners. Hand-to-mouth buying has developed quite rapidly during recent years. The result has been that canning companies have found it necessary to carry their product themselves instead of selling it during or immediately after the canning season to wholesalers and other handlers.

2. Sources of capital

This is a matter for later consideration, provided a decision is made to organize a canning plant company.

IV. Markets

1. Several sources of information indicate that the canning-factory capacity in the United States at the present time is more than sufficient to meet the demand for canned goods. The canning industry has overbuilt. During the past few years of lowered industrial activity many plants have been forced to suspend operations. At present there is considerable excess plant capacity in the industry.
2. The nearness of large centers of population and the available transportation facilities either by railroad or by motor truck make it possible to move the product quickly to a market. On the other hand a new company would have the problem of selling its goods in competition with brands which were well known and which were already well established in the minds of wholesalers and consumers.
3. Another factor which requires consideration is the present trend toward increased production and supplies of canned goods. The production of canned goods, like many other products, runs in cycles. The last high-record pack was in 1930. In 1931 and 1932 the production and pack of canned vegetables was reduced. Last year the pack was considerably below that of 1932. This year growers have increased acreage nearly 40 percent. Under normal weather conditions this would result in a pack of about 17 million cases, about equal to the high pack of 1930. With such a large pack in prospect prices for canned goods will tend to be low during the next 2 years.

The development of a cooperative marketing program in Mississippi is reported as follows.

"The disastrous marketing season in the Copiah County trucking area last spring resulted in the realization by the farmers of the need for a better and more permanent marketing program. Under the marketing system practiced in the area since the beginning of the industry the farmer was getting only a very small part of the consumer's dollar for the product. For instance, on 3 cars of tomatoes shipped from Crystal Springs and traced to a certain eastern retail trade, it was found that the consumer was paying from 6 to 10 cents a pound for the same tomatoes for which the grower received a cent a pound. In other words, the grower got from 5 to 8 cents out of the consumer's dollar for his tomatoes.

"The leading growers in the industry, realizing their situation, were determined that something be done about it and asked the Extension Service and the Farm Credit Administration in Washington to assist them in working out a solution to the problem.

"The first thing that was done was to make a rather complete survey of the condition of the industry and learn what the attitude of the growers was toward a cooperative marketing program. This survey revealed the situation as described above and also that the growers were ready for a change in their marketing system and insisting that a cooperative marketing program be set up that would adequately serve the needs of the industry.

"At the initial meeting of the growers a committee of leaders in the industry was selected. This committee in conference decided that a federated type of organization would most nearly meet the needs of the growers. Their plan was an association organized around a community or shipping point, where sufficient volume could be handled economically, with direct grower membership in the locals and these, in turn, being federated into one central sales agency or exchange.

"Several conferences were held with the officers of the New Orleans Bank for Cooperatives and the Production Credit Corporation and its local unit, the Production Credit Association of Jackson, Miss., relative to a program for financing the proposed cooperative set-up. These conferences resulted in the approval by the credit agencies of a plan for financing the proposed associations on a basis adequate for their needs. This plan includes loans to associations for the actual operating expenses; loans for the purchase of supplies for cash for the members, such as fertilizers, seeds, containers; loans for the purchase of facilities, such as packing sheds, warehouses, and the like, where needed; and loans by the production credit associations to the members for production purposes.

"Following the decision of the committee, growers held meetings in Crystal Springs, Hazlehurst, Utica, Carpenter, Terry, Beauregard, Hopewell, Georgetown, and Fayette, at which the program was explained and discussed. The proposed program met with almost unanimous approval except at Utica, where the interests of the growers and the supply merchants are so tied together that the growers would not express themselves for or against the cooperative program.

"Beginning with these meetings the following local cooperative associations have been organized and incorporated:

Crystal Springs Growers, Inc. (A.A.L.)	Crystal Springs
Hazlehurst Truck Growers, Inc. (A.A.L.)	Hazlehurst
Beauregard Growers, Inc. (A.A.L.)	Beauregard
Terry Truck Growers, Inc. (A.A.L.)	Terry
Carpenter Truck Growers, Inc. (A.A.L.)	Carpenter
Pearl River Growers, Inc. (A.A.L.)	Georgetown

(The organization at Georgetown includes the Hopewell and Rockport communities.)

"The growers at Fayette have been organized and operating for one season and are having a meeting the first of December to decide about affiliating with the Central Exchange. The six locals named above have federated into the Mississippi Vegetable Exchange with offices at Crystal Springs. The presidents of the local associations make up the board of directors of the Central Exchange.

"The grower executes a membership and marketing agreement with the local, and the local in turn enters into a contract with the Exchange for the purchase of supplies and marketing of the truck crops through the Exchange. The Exchange has entered into a contract with the National Fruit and Vegetable Exchange, New York City, which has sales agencies on all the large terminal markets. This national sales agency is sponsored by the Farm Credit Administration.

"Approximately 400 growers have signed agreements with their local associations, and the membership campaign has only started. It is estimated by the directors of the locals that about 1,000 cars of truck crops and 3,500 tons of fertilizers will be handled cooperatively through the Exchange next season."

Farmers' wholesale produce markets are being developed in Georgia through the activities of the extension service and cooperation of other interested agencies. A brief statement of this project follows.

"We are developing farmers' wholesale produce markets in the main cities of Georgia as fast as possible. The Columbus market operated by the Columbus Truck Growers' Association and organized by the county agent in 1932 sold produce valued at \$69,000 in 1934. It opens at 3 A.M. and closes at 7 A.M., thus enabling the farmer to^{go} back to his farm for the day.

"The Savannah Farmers' Wholesale Produce Market was organized by the county agent in 1933. It sold approximately \$200,000 worth of farmers' produce that year. In 1934 it sold \$300,000 worth, which was a decided increase.

"These two markets are strictly farmers' markets although the Columbus group admits commercial truckers if they pay a city license fee. Savannah does not admit commercial truckers, and they restrict their patrons to those coming from a radius of approximately 100 miles from Savannah.

"Both of these markets have done excellent work in standardizing the varieties of crops produced and marketed. When market supplies are heavy they have reduced the over supply by withholding the lower grades and by selling quantities to trucks from a distance to relieve the local supply.

"We hope to have these markets formed in three other large cities in Georgia and have done much work toward that end through the three special agents in Atlanta, Augusta, and Macon.

"We feel that the completion of assembling, grading, and transporting facilities in the rural production centers is badly needed. We also think that the completion of this chain of wholesale farmers' produce markets in these five centers is a very important and much needed step in the development of economic marketing controlled by the producers. Therefore much time was given to this project by the three special agents and myself. We are asking the assistance of Relief, Bank of Cooperatives, State and all other interested agencies to help."

The development of a farmers' cooperative marketing and purchasing organization in North Carolina is given in the following report.

"The Farmers' Cooperative Exchange (FCX) completed organization and began operation in June 1934. The organization came about through a meeting called in Dean Schaub's office in October 1933. The meeting had in attendance about 40 men, many of whom were leading farmers of the State, representatives of the Grange, the Cotton Association, the Producers' Mutual Exchange, the Farmers' Federation, State college of agriculture, State department of vocational agriculture, and the State department of agriculture. As a

result of this meeting a working committee of 8 men was selected from the 40, which committee was charged with the responsibility of working out a unified program which would call for the united efforts and activities of the different State public agricultural agencies and, if possible, for the merging of the commercial farmers' cooperative purchasing and marketing organizations, not including the marketing activity of the North Carolina Cotton Growers Cooperative Association. The 8 men named on the working committee represented the North Carolina State Grange, the North Carolina Cotton Growers Cooperative Association, the Farmers' Federation, the Producers' Mutual Exchange, the State college of agriculture, the State department of vocational agriculture, and the State department of agriculture. Mr. U.B. Blalock was named chairman of the working committee, and Dr. Joseph G. Knapp, secretary. The committee met at intervals, several times a month, over a period of about 6 months, at which time promising progress had been made on a tentative plan uniting the efforts and activities of the public agricultural agencies and also that of the commercial farm cooperatives. At this point the Southern States Cooperative representatives, the manager, and the chairman of the board of directors were called to meet with the working committee for the purpose of working out a harmonious relationship between the proposed North Carolina Cooperative Merger and the Southern States Cooperative. As a result of these meetings with the Southern States Cooperative representatives and considerable exchange of correspondence a very satisfactory arrangement was perfected agreeable to both parties concerned.

"The working committee had now progressed to a point where it was ready to report back to the original committee which first met in Dean Schaub's office in October, 1933. A second meeting was called in Dean Schaub's office to which all members of the original committee were invited, including Dr. Frank P. Graham, for the purpose of hearing the report of the working committee. Some changes in the articles of incorporation and bylaws were recommended at this meeting, which necessitated further work and meetings on the part of the working committee. In due time the working committee had completed its labors, the Farmers' Cooperative Exchange named its board of directors and completed its incorporating papers, the working committee was discharged, and the FCX began operation in June 1934.

"Very shortly after the FCX was incorporated educational meetings were conducted in several counties in which the FCX program was presented in a county-wide meeting to the county and home agents, the vocational agriculture teachers, and leading farmers of the county. If after the program was presented to this group of agricultural leaders of the county a desire on their part indicated an urgent demand for an FCX branch in their county, arrangements were made through the home and county agents and the vocational teachers for a series of FCX meetings throughout the entire county, where an attempt was made to present the FCX program to all the farmers of the county. During the months of August, September, October, and November the writer conducted 67 FCX educational meetings and contacted about 1,500 farmers in these meetings.

"The purpose of the meetings was to familiarize all the farmers with the program and to point out to them the demand for some local capital which is needed to purchase a stock of farm production goods for the warehouse. Ordinarily the value of the production goods which an opening warehouse usually stocks amounts to about \$3,000. This was usually the amount which

the central organization asked the farmers of the proposed branch to subscribe before a warehouse would be stocked and opened for business. These educational meetings usually covered a period of about 4 weeks before a branch was organized and ready to do business. The class of goods which are carried in the branches include seeds, feeds, fertilizers, spray material, tobacco cloth, packaging material and containers, paint, salt, and flour.

"The branches hope to be significant in the field of marketing products grown on the farm, as well as in purchasing for the farmers their production goods. This is particularly true in nonperishables such as grains and seeds. Already a considerable amount of lespedeza seed is being marketed by the central organization for the farmers of the State.

"The first FCX branch established by the parent organization was the Mecklenburg FCX Service. This began operation June 18, 1934. On the same date the Alamance FCX Service was taken over from the Southern States Cooperative and on that date began operation as an FCX Service. The Alamance branch was organized and began operation as a branch of the Southern States Cooperative September 13, 1933, and had been in operation 9 months before it was converted into an FCX branch.

"Experience will no doubt dictate that it is advisable to establish new branches as the already established branches can have time to develop and train men who can be transferred to the new set-up. If from now on only about 5 or 6 new branches are organized and placed in operation each year it is most probable that a more substantial and serviceable FCX system can be established than if a more rapid program of development is inaugurated. Along with an efficient operating and management program must go an efficient educational program relating to farmers' cooperatives in order that a well-informed grower membership may be developed and maintained."

Pennsylvania offers to render the following business and accounting services to cooperative organizations.

1. Assistance with surveys and investigations prior to organization.
2. Assistance with the preparation of forms for incorporation.
3. Assistance with compilation of bylaws and contracts.
4. Installation of accounting and statistical records.
5. Revision of existing records and systems.
6. Instruction in bookkeeping.
7. Instruction in preparation of financial and statistical reports.
8. Instruction in the interpretation and use of financial and statistical reports.
9. Assistance with business, management, and financial problems.
10. Assistance with the preparation of annual reports.

Outlook

The marketing extension specialists in a number of States are largely responsible for conducting the State outlook programs. The following report from Arkansas exemplifies a well-rounded program of outlook work.

Factors Which Determined the Project

A major part of the annual money income in this State is derived from the sale of farm products. Economic information relative to bringing farm production in line with domestic and foreign demands is of vital interest to the quarter of a million farmers in Arkansas. The economic welfare of the State is largely dependent on the action taken by farmers in making readjustments to meet a new and changed condition. The content of present economic outlook material is valuable information to farmers in helping them to make needed readjustments. There has been a growing interest among farmers for outlook information, and there has been wide response to suggested adjustments.

Ultimate and State Goals

The ultimate and State goals are to teach county extension agents and community farm leaders current economic information upon which the outlook for the various farm commodities is based, so that such county leaders may in turn disseminate and interpret such information to farmers throughout their respective counties.

The Number of Counties in Which this Work Was Conducted

This work was conducted in 65 of the 75 counties in the State.

Methods of Teaching and Accomplishments

(a) Methods

An itinerary was made for holding at least one county-wide outlook meeting in each county in the State. Two outlook teams of two members each assisted county extension agents in holding outlook meetings. Publicity relative to such meetings was given by the State and county press, and both farm improvement clubs and home demonstration clubs helped to secure attendance of leaders. The outlook meeting was of two types, either an all-day meeting with discussions on the outlook for the various commodities, or a forenoon session of the above type and an afternoon session of a meeting of farm leaders to discuss the application of the outlook to a typical farm in the community.

The following quotation from County Agent H. S. Hinson's annual report illustrates the method used by many agents in disseminating outlook information.

The second week in January was designated as outlook week in the county. The county meetings were held at Kingsland and Rison. After the county meetings, 6 community meetings were held explaining outlook information, also the cotton acreage reduction program under the Agricultural Adjustment Administration. More than 800 farmers attended these meetings. Many expressed a desire to use the information to regulate their farming operations.

The State outlook report was printed in bulletin form and was widely distributed by county agents to farmers throughout the State. Sets of outlook charts were prepared for some agents for their use in conducting community outlook meetings.

(b) Results obtained

Sixty-nine hundred farmers and business men attended 85 county outlook meetings held in 65 counties in the State. Thirty-eight county agents held outlook meetings in 400 communities, and 422 voluntary local leaders were assisted in disseminating outlook information. One hundred and fifty-three news stories were published relative to outlook meetings, 36 circular letters were prepared, and 2,972 personal calls were received by county agents at their offices relative to outlook information. As an example of a typical county outlook meeting, I quote as follows from my weekly report as of February 3:

"With D. J. Burleson, I assisted E. K. Schultz, county agent at Wynne, in holding a county outlook meeting at Wynne today; 110 farmers were present. Interest in outlook information and farm adjustment planning was exceptionally good. Meetings like the one held today at Wynne are encouraging. It shows a cross-section view of the farmers' attitude toward farm adjustments in the light of economic information."

As evidenced by the attendance of farmers at outlook meetings, there is a growing interest in outlook information. The actual farm adjustments now taking place have undoubtedly contributed to the increased interest in economic information. The farmers of this State are becoming more conscious of the economic situation as regards agriculture, and with a better knowledge of economic conditions and a better understanding of the relations of one producer to another, together with the condition of the foreign situation, producers are in a better position to adjust their farming operations to meet a new and changed condition. The results of outlook work cannot be measured concretely. The work is intangible. It reaches thousands of farm people in the State and forms the basis for desired and profitable farm adjustments.

Kentucky uses the radio in addition to the agricultural press and other publications to disseminate outlook information. The Kentucky program of work follows.

"The agricultural press and the University radio station were utilized from time to time in the dissemination of timely economic information. Through these facilities wide-spread distribution is obtained quickly and economically,

and farmers who wish to make adjustments are given the information as soon as it becomes available. All members of the department contribute material for both the radio and the press articles, each according to his particular field of endeavor. In the course of the year 21 radio talks and 30 press articles have presented information about farm finance; 6 radio talks and 40 news items featured the fundamentals of the A. A. A. program; while 3 radio talks and 15 news items presented information about other related subjects.

"The Agricultural Market Review is a radio series in which I review the market developments of the past week or two and indicate important influences governing the market for the principal Kentucky farm products. This series has been given on the third Monday of each month during the past 2 years and will be continued next year. The November Review is attached to this report.

"Notes on the Kentucky Agricultural Situation have been prepared monthly and distributed to about 400 agricultural leaders in the State. This 4-page mimeographed publication is issued about the middle of each month and gives a review of the market for Kentucky farm products. Attention is given to the supply and demand for the principal commodities and to the influence of current business conditions. A copy of the November issue is attached to this report.

"Market situation meetings or commodity meetings are the means of instructing farmers in improved methods of marketing and presenting to them the market situation for their particular commodity. When combined with discussions of improved production methods such a program makes a very effective means of instructing producers of farm products in better farm business practices. Discussions of the market situation at annual meetings of fruit, vegetable, poultry, seed, dairy, and livestock associations plus a few strictly market situation meetings constitute all of this work that was accomplished in the past year except as the tobacco, corn and hogs situation was frequently discussed at numerous A. A. A. meetings. Meetings to acquaint farmers with the market demand are recognized as extremely important from the standpoint of useful extension work and will require a larger portion of the marketing specialist's time in the future."

Current market information is supplied Kentucky farmers over the radio in addition to other outlook and economic data. A sample of "The Agricultural Market Review" radio series follows.

"As I compare last week's prices for farm products with those paid during the previous week, I see that there have been many changes. Not large changes it is true, but all very significant to the farmer who wants to make the most from his farming operations. Keeping in touch with the market is probably more important to a farmer than setting his watch to correspond with Standard Time, a thing which he probably does every week. Therefore, in this Agricultural Market Review, I wish to present to our Kentucky farmers some facts concerning the markets which may enable them again to get in touch with the market so as to buy and sell to better advantage.

"A turn in hog prices occurred a couple of weeks ago, and since then prices have risen to the highest level in 5 weeks even though hogs have been coming to market in increasing numbers. Packers have been active buyers probably because meat and lard have sold at better prices, but also because

there are fewer hogs to be marketed this year, and these are coming to market earlier and at lighter weights than in past years. Reports from the 7 large markets show that hogs received average 20 pounds per head less than a year ago. Heavy butcher hogs are scarce and are selling at top prices. High-priced corn usually does result in earlier marketing of hogs at light weights, and thus the total supply of pork is reduced even more than numbers would indicate. It is also anticipated that the spring pig crop will be reduced in the regions where feed is expensive and thus reduce the supply of hogs for the coming year.

"Cattle prices during the past 3 weeks have fluctuated at a low level. The demand for beef has been very limited, and this has affected live cattle prices on all markets. Taken together with the decreased demand for feeder cattle this has made it more difficult to dispose of cattle of all classes. Increased supplies of cattle during the past week were attributed to relatively high corn prices and to heavy frosts in grazing sections. The effect of both these factors was to force many short-fed and unfinished cattle to the markets. The bulk of these sell at \$3 to \$4 a hundred, whereas the better grades of finished cattle sell at \$6 to \$9 on the Chicago market.

"Shipments of stocker and feeder cattle into the Corn Belt States fell off sharply in October and were the smallest for that month in 16 years. From July through September the movement was heavier than usual, but the 4-month total for July through October, while about 8 percent larger than last year, was 6 percent below the 5-year average. The shipments included a relatively large proportion of light-weight steers and calves going mostly into the eastern Corn Belt States.

"Kentucky farmers may be interested in the lamb-feeding situation from the standpoint of the competition to be expected from that source next spring. That competition should be less than usual. Because of the relatively heavy early movement of feeder lambs into the Corn Belt and the relatively high price of feed, it is probable that the number of fed lambs to be marketed by the middle of January will be fairly large and that the reduction in the market supply of fed lambs will be most marked in the latter part of the feeding season.

"Increased sales of wool took place during October, but after almost a year of exceedingly small sales there is much room for improvement. Receipts of wool at the Boston market up to October 1 totaled only 41 percent of this year's clip compared with 59 percent for the same period last year. The low activity in the wool-manufacturing industry in 1934 indicates that wool consumption for the year will probably be as small as at any time in the past 15 years for which statistics are available. During the year a heavy reduction in stocks of finished goods has occurred, and mill consumption of wool is therefore expected to increase again next year.

"The upward trend of butter prices seems pretty well established, having been under way for several weeks. Although the trade is a bit hesitant at times, all indications point to a further decline in production, whereas the market demand is sufficient to absorb increasing quantities of storage butter along with current receipts. With production about 15 percent under a year ago and storage holdings 30 percent smaller the butter market is in a very favorable position, especially since feed supplies are short in the principal butter-producing sections, suggesting that production will very likely continue low until next summer.

"Egg prices continue to advance every few days. However, with current production smaller than a year ago and with storage holdings below the average for this season of the year it is only to be expected that the seasonal rise in price customary at this season should be greater than normal and should continue later than usual.

"Poultry prices have held mostly steady during the past few weeks, but the turkey has recently stepped into his own right, and market prices for this bird are a little higher. Compared with last year our present turkey crop is reported to be somewhat larger in the Northeastern States, in Oregon, in California, and in a middle belt extending east and west including Kentucky, But in Texas the crop is only 90 percent of last year, and in the important turkey-producing area of the Dakotas and Minnesota it is less than 75 percent. The high price of feed will undoubtedly induce farmers to sell their turkeys early even though they are light weight. Therefore the total pounds of turkey will be much reduced and may result in a stronger market late in the season.

"Feed prices of all kinds are high, but not so high here as in many other places. Kentucky farmers are in a position, therefore, to feed live-stock to good advantage."

4-H Club Marketing Program

During the past few years considerable demand for marketing information has come from 4-H club and vocational agriculture groups. The following lessons in "Cooperative Marketing" have been prepared by Kansas for 4-H club leaders:

Lesson 1--Instructions to 4-H Club Leaders

In attempting to prepare this material for 4-H club members in cooperative marketing, no attempt is made to finish this work or develop a cooperative organization among the members of your group. It is our purpose to try to present some of the major fundamental facts that lie behind successful cooperative organizations and at the same time point out the need for such cooperative organization. There is no reason to advocate such an organization if there is someone else doing the job in an efficient and satisfactory manner.

One of the main reasons, no doubt, for the failure of farmer organizations is that farmers have been organized into cooperative associations without feeling the necessity for such organizations. Some have held out to the producer that the reason for organization is that someone is stealing from him. Usually this is not the case, and there is a bill to pay in marketing regardless of whether it is handled by a cooperative association or whether it is handled by some individual.

There is this fact to remember, however, that as the farmer organizes and owns his marketing machinery, he is entitled to the profit that such machinery has made for someone else. It is well to impress upon your club members another fact, which is that they have the same right to organize their selling machinery as any industry owning their organization. There are but few industries other than farming which do not own their own marketing machinery and spend as much or more in disposing of their product as they do in producing their product.

In any marketing program or operation there are certain things which must be done:

We must assemble or gather the product; we must grade and classify the product; we must transport the product or place it in a position for the consumer to use; we must process the product so that the consumer may use it; and last but not least, to carry or hold until the consumer is ready to use the product. This last fact is one place where the farmer has more often failed but one with which he should help.

These transactions must be done and the farmer must either do them or pay someone else to do them for him. They are the functions of marketing which apply to all products, and they may be accomplished in a cooperative way usually to the benefit of the producer if he will cooperate with his fellow producer.

This first discussion may be used by you, as a leader of your group, to point out these functions which should not be lost sight of throughout the plan.

In preparing the other 5 lessons for your 4-H club members, we have outlined only some of the things which we feel should be brought out in the discussion of each of these topics. We are furnishing you with at least 1 copy of United States Department of Agriculture Bulletin 10 for your club. All the material you will need for each of these topics may be found on the pages marked for each topic. We believe it will be well to assign this to someone to report on at the meeting, even if he does no more than read this portion of the bulletin to the club. It should not require more than from 5 to 10 minutes to do this at each meeting. We suggest that you, as the leader, or some other person, take the outlines at the alternating meeting and use them as questions on the lesson reported on at the previous meeting.

We are sure that you will find the manager and members of boards of directors of local cooperative associations willing and anxious to work with you on such a program. Some will be willing to discuss certain topics at your meetings.

Lesson 2.--What Cooperatives do for Farmers

1. What are cooperatives

- (a) Save individual competition.
- (b) Find markets.
- (c) Permit grading and packing.

2. Cooperatives to succeed must provide as good returns, more economical marketing than other marketing systems, and better service.

- (a) By development of marketing service and by outlook material to assist in producing what and when the market wants the product.
- (b) Thus assisting to keep the market steady instead of having large fluctuations.

3. Cooperatives may accomplish these things for producers by--
 - (a) Inspection of products.
 - (b) Standardization of grades.
 - (c) Assembling of products.
 - (d) Buy on quality basis.
 - (e) Pooling products and effort should make the cost per unit of product small.
4. The most important thing for a successful cooperative is a large, energetic, wide-awake, and well-informed membership which insures a large volume of product to handle. Volume helps to cut down cost per unit of product.

Lesson 3.--What Cooperatives Cannot do for Farmers

There are certain definite things that might be desirable from the producer standpoint which a cooperative cannot do.

1. Price is the thing which has been held up to producers more than any other. It is almost impossible from economic conditions for cooperatives actually to get a better price than their competitor for the same grade of product. They are able to cut costs sometimes, however, and this plus the normal profit is turned to the producer as added price either at the time of sale or at the end of the year.
2. This means that they cannot eliminate the middleman. This job must be done. They may do it for themselves instead of letting someone do it for them. This, however, does not eliminate the job.
3. Obtain cost of production. The cooperative organization is not always able to get cost of production for the average farmer.
4. Control production. To be able to get near a cost-of-production price, it is nearly an established fact that production must be controlled.
5. Cooperatives are not always able to get more for the products of its members than for nonmembers who deal with them or in competition with them.
6. Cooperatives cannot take a poor-quality product and sell it for the price of a good-quality product. Often some members are disappointed in this fact because they cannot see any difference between their product and that of their neighbor member who has received more. Quality is sometimes hard for the inexperienced member producer to see or understand.
7. Cooperatives cannot be successful or do the job for the producer without a well-informed, loyal membership.
8. Cooperatives cannot compete in the world of economic endeavor for the farmers' benefit without the use of good business practices. This, in turn, means good management. Here again we would say that the

most important, or one of the most important, needs of a cooperative is an energetic, courteous, and efficient manager. One of the best services a young agricultural-minded man can render to his community is to train for the management of such an organization.

Lesson 4.--Why Some Cooperatives Have Failed

Some cooperatives have failed and some have succeeded because of certain definite facts that they have considered or have failed to consider. Mistakes are made by both cooperative business and private business. Mistakes cost money, and sometimes we can stand the cost and recover and sometimes not. As club members, you are familiar with your health contest and know that there are certain rules that you have to obey to be healthy. Like the health rules, the rules of good business of a cooperative organization are just as strict and important to the health and growth of such organizations as your health rules.

We have mentioned some health rules in things cooperatives can do and things they cannot do. Failures, or sickness, have come to organizations through failure to observe some of the following rules:

1. Failure to study the situation before organizing in order to know whether or not there is enough volume to pay, to know whether or not good management could be secured, and to find out if the membership really wanted the organization.
2. Failure to inform members of what the cooperative might be able to do and what it could not do.
3. The cooperative may have bought too much property to start with. It may have tried to operate too many delivery points and thus the operating costs were too high.
4. The management may have antagonized existing trade interests by criticism of past methods and tried to set arbitrary prices which could not be secured.
5. The directors may have ^{been} paid employees of the organization. Usually, this is not good.
6. The directors may have had a secret policy which does not keep the confidence of the members. The members must know what is going on.
7. The directors may have failed to pay a large enough salary to get a good manager.
8. The organization must have enough money with which to operate. Also, as they operate and show profit at the end of the year they must set up reserves to provide for years when crops are small.
9. The contract or agreement with the member should allow a chance to leave the association at a certain time under certain conditions.

10. Small volume means high operating costs per bushel or unit of product handled. This leads us again to the statement that one of the most important, if not the most important, needs for the successful operation of such an organization is a large, well-informed, active membership; membership that is active in meetings where the interests of the community as a whole are considered. Just the increase in price of the commodity which may be secured is not enough to justify the existence of such an organization, unless it makes that community a better place in which to live.

Lesson 5.--Duties of Members and Directors of Cooperative Marketing Organizations

In attempting to discuss the duties of the members of a cooperative association, it is well to remember that the members are the organization and that any association is just as strong as its members, in the same way that a chain is just as strong as its weakest link.

1. Members should know the purpose for which the association is formed.
2. The members should take an active interest in the operation of the association.
3. The members should attend meetings and take an active part.
4. The members should demand a yearly audit and financial accounting by an uninterested person.
5. The members should be loyal to the organization. If mistakes are made, assist in helping to work them out. And do not take business away from the association as this increases cost.
6. The members should elect men who have made a success of their own private business as directors. The directors are those members who are elected as a committee to represent the group and be responsible to the stockholders.
 - (a) The numbers of directors vary, usually the board of directors is composed of 5 or 7 members.
 - (b) The directors are responsible for the success or failure of the organization.
 - (c) Directorship is not an honor but a duty.
 - (d) Directors outline and decide on policy of organization.
 - (1) Business
 - (2) Membership
 - (3) Credit
 - (4) Finance

- (e) The directors, before deciding on policy, should insist on a survey of conditions and facts from as many sources as possible.
- (f) Directors should employ efficient management. It is seldom, if ever, advisable for one of the directors to become manager.
- (g) Directors should not become involved with the details of management and should rule only on general policies.
- (h) The manager is the person to work out details and present facts and results to the board of directors.
- (i) The directors, for the success of the organization, must develop and maintain some sort of educational program to keep the membership informed as to the association.

This would lead to the statement that one of the most important duties in a cooperative association is that of the directors. The success of any association will depend upon the ability of the directors to work together and work out problems for the good of the group instead of the individual. There is no better training for such service than being an officer in a 4-H club and the training received in 4-H club meetings.

Lesson 6.--Growth of Cooperative Marketing in the United States

Cooperative marketing is older than most people realize. There have been cooperative marketing associations in the United States for some 60 years. There were not many of these organizations, and according to official record they did not increase much, until 1900.

1. Cooperative marketing and purchasing associations reported to Federal Government

Date	Number
1900	1,000
1910	3,467
1915	5,424
1925	10,803
1931	11,950

2. The business of these associations has naturally increased.

Date	Handled
1915	\$ 635,839,000 worth of business
1925	2,400,000,000 worth of business
1931	2,400,000,000 worth of business

Note.--This last is an increase in amount of bushels and units handled, but because of the lower price the dollars were the same.

3. The membership in these associations increased with the associations.

Date	Number of farmer members
1915	651,186
1925	2,200,000
1931	3,000,000

4. A survey of 192 associations in 1931 indicated that they had increased their membership 33 percent and their business 28 percent since 1929.

5. Types of cooperative marketing associations in the United States.

- (a) Grain
- (b) Cotton
- (c) Livestock
- (d) Wool and Mohair
- (e) Fruits, vegetables, and nuts
- (f) Dairy products
- (g) Poultry and eggs
- (h) Tobacco

6. Types of cooperative marketing in Kansas.

- (a) Grain
- (b) Livestock
- (c) Dairy products
- (d) Poultry and eggs
- (e) Fruits and vegetables
- (f) Wool and Mohair

7. List types of cooperative marketing in your county.

8. Are the cooperative associations in your county a part of the national system of cooperative marketing for their product?

This would lead again to the statement that to be effective these associations must have volume for the local unit. The regional unit must be supported by the local unit, and the national organization must be supported by the regional unit. The system of cooperative marketing is becoming larger and larger and as such merits the support and the best that the young farmer has to offer.
